

SUMMARY OF RANCHO SANTA  
MARGARITA DOCUMENTS

The purpose of this summary is to briefly summarize the master development plan (the "Master Plan") of Rancho Santa Margarita Joint Venture, a California General Partnership (the "Master Developer") of the master planned community known as Rancho Santa Margarita and the atypical provisions of the Articles of Incorporation, Bylaws and Declaration of Covenants, Conditions and Restrictions (the "Management Documents") for SAMLARC.

MASTER PLANNED COMMUNITY

It is contemplated that the master planned community shall consist of approximately 5,000 acres which will be developed as commercial, office and industrial complexes, parks, schools, churches, trails, landscaped areas, lakes and open space, as well as from 16,000 to 20,000 residential attached and detached dwellings and apartment units. The Management Documents provide for the management and control of the residential dwellings and apartment units and for the management, repair and maintenance of certain recreation facilities, lakes, trails and landscaped and open space areas within the master planned community by SAMLARC. It is further contemplated that although the nonresidential property will not be subject to such Management Documents, a nonprofit mutual benefit corporation for the management of any such nonresidential property may also manage, repair and maintain some of the trails and landscaped and open areas within the master planned community or the owners of such property may, by separate agreements, be required to contribute toward costs and expenses of SAMLARC to the extent such costs and expenses benefit their property or the entire master planned community.

Different portions of the property covered by the Management Documents may also be subject to similar management documents which will provide for management and control of such property by other nonprofit mutual benefit corporations (the "Subordinate Maintenance Corporations"). All such management documents shall be subordinate to the SAMLARC Management Documents and in the event of any conflict, the SAMLARC Management Documents will prevail.

### SAMLARC MEMBERSHIP

All owners of lots or condominiums covered by the Management Documents ("Owners") shall be members of SAMLARC, including any persons or entities (hereinafter "Participating Builders") who have acquired from the Master Developer a portion of such property for the purpose of improving it in accordance with the Master Plan. The Master Developer and the Participating Builders are also Declarants under the Declaration of Covenants, Conditions and Restrictions described above (the "Master Declaration") and have the rights and obligations specifically enumerated in the Master Declaration.

### DELEGATES AND DELEGATE DISTRICTS

Because the voting power of the membership of SAMLARC may ultimately reach 20,000 votes, it is not practical to provide for SAMLARC meetings that would require not less than 5,000 votes to constitute a quorum. The Management Documents provide for Delegates to represent members at all SAMLARC meetings.

Any property covered by the management documents of a Subordinate Maintenance Corporation shall constitute a Delegate District. The president of a Subordinate Maintenance Corporation shall be the Delegate to attend and cast the votes of all of its members other than Declarants. In those portions of the property covered by the Management Documents where there is no Subordinate Maintenance Corporation, Declarant shall establish the Delegate Districts in the document by which such property is annexed to the Management Documents. The members within such Delegate District shall have the ability to elect their Delegate. The SAMLARC Board of Directors has the power to appoint a Delegate to represent such Delegate District in the absence of any such election or to serve until any such Delegate is duly elected by such membership.

Declarants shall have the right to elect one Delegate to attend SAMLARC meetings and cast the votes of the Declarants.

Any Delegate shall have the power to delegate to any other person and/or committees any of the duties and powers of a Delegate.

Although SAMLARC has the power to undertake any services for the benefit of any Delegate District, it has the duty and obligation to pay the expense of delivering notices

and conducting meetings in those Delegate Districts in which the Owners are not members of a Subordinate Maintenance Corporation. The expense of providing any such services for the benefit of any of the Delegate Districts shall be charged as a Special Assessment against the Owners within the Delegate District receiving such services.

#### MEMBERSHIP VOTING RIGHTS

Until converted to Class A membership, Declarants are Class B members and Owners of apartment lots are Class C members. Class A members shall be all Owners with the exception of the Declarants and the Owners of apartment lots until the Class B membership and the Class C membership have been converted to Class A membership, after which time all Owners shall be Class A members. The Class B membership and the Class C membership terminate and are converted to Class A membership upon the happening of certain events, all as more particularly described in the Master Declaration.

All Class A members, other than members who are Owners of apartment lots, shall be entitled to cast one vote for each lot or condominium owned. An Owner of an apartment lot shall be entitled to cast one vote for each apartment unit owned. Class B members shall be entitled to cast three votes for each lot or condominium owned. Many actions of SAMLARC require the vote or written assent of each class of membership.

#### VOTING PROCEDURES

The SAMLARC Board of Directors has an obligation to adopt voting rules and procedures to be followed by all Delegate Districts to insure fair elections and uniformity and consistency between the Delegate Districts in voting on SAMLARC matters. All nominations for director shall be made by the Election Committee established by the Board of Directors and may also be made by petition signed within six months preceding the next time directors will be elected by members representing (i) two percent of the voting power of SAMLARC as long as the total voting power of SAMLARC is less than 5,000 votes, or (ii) one-twentieth of one percent of the total voting power of SAMLARC, but not less than one hundred votes, when the total voting power totals 5,000 or more votes. Notices of all SAMLARC meetings will be delivered to all members within the time limitations established by the Management Documents and Members within all Delegate Districts shall be given the opportunity to execute proxies, cast written ballots or approve or disapprove any actions in accordance with the procedures for voting adopted by the Board.

The Delegate, or representative of the Delegate, attending the SAMLARC meeting shall be entitled to cast the total voting power of the members other than Declarants in his Delegate District for the purpose of establishing a quorum. However, on actions requiring votes "for" and "against" any actions, each Delegate of a Delegate District shall cast the actual number of votes as the members other than Declarant in such Delegate District voted "for" and "against" such actions.

The Delegate elected by the Declarants shall cast the actual votes of the Declarant.

#### BOARD OF DIRECTORS

The Board of Directors shall consist of five directors until the annual meeting at which the Declarant ceases to have the ability to elect the majority of the directors at which time the Board shall consist of seven directors. At the first annual meeting of SAMLARC, of the directors who are elected, the two candidates receiving the lowest number of votes shall be elected to serve two (2) year terms and the remaining directors shall be elected to serve three (3) year terms. At the SAMLARC meeting at which two additional directors are elected to increase the number of directors to seven, of all of the directors who are elected, the director receiving the lowest number of votes shall be elected to serve a one year term and the remaining directors elected at such meeting shall serve two year terms. Upon the expiration of all such terms, all successor directors shall be elected for two year terms at alternate annual meetings of SAMLARC.

The members other than the Declarants shall be entitled to elect not less than forty percent of the total number of directors. The Declarants shall be entitled to elect not less than fifty-one percent of the total number of directors as long as Declarant has the obligation to subsidize not less than twenty percent of the total annual expenses which right shall expire five years after the first conveyance of a lot or condominium subject to a Subdivision Public Report issued by the California Department of Real Estate (the "DRE"). The Declarants shall be entitled to elect not less than forty percent of the directors thereafter as long as Declarant has the obligation to subsidize not less than \$10,000 of the annual expenses which right shall expire ten years after the first such conveyance.

### TRAIL AND LANDSCAPE SYSTEM

The Trail and Landscape System will be comprised of walkways, sidewalks, bikelanes and equestrian trails within the master planned community designed to connect public facilities and services, commercial properties, residential areas, churches, schools, parks and open spaces. All owners of property within the master planned community shall have the use and enjoyment of the entire Trail and Landscape System within the master planned community but the exact location of the Trail and Landscape System shall be fixed with particularity in the course of the development and construction of the master planned community. The Trail and Landscape System is generally depicted on an exhibit attached to the Master Declaration. "Trail" as defined in the Master Declaration describes with particularity the portion of the Trail and Landscape System maintained and managed by SAMLARC that is within or adjacent to the property covered by the SAMLARC Management Documents.

### PARK AND SCHOOL EASEMENT

The SAMLARC Management Documents contemplate that any school district acquiring school property adjacent to any property owned by SAMLARC shall have the right to receive an easement for limited use of such SAMLARC property for park and school purposes.

### ASSESSMENTS

Assessments levied against all Owners shall be fixed at an equal amount for each Residence (defined to mean an apartment unit or any lot or condominium sold to a member of the public subject to the delivery of a Final Subdivision Public Report issued by the DRE).

Declarant shall also have the ability to establish Special Benefits Areas to identify particular portions of the property covered by the Management Documents which will receive special services paid for by SAMLARC not provided to other owners. Special Benefits Assessments will be fixed at an equal amount for each Residence in each such Special Benefits Area.

### ARCHITECTURAL CONTROL

All improvements made by Owners other than the Master Developer or Participating Builder must comply with the architectural control requirements contained in the SAMLARC Declaration. The Declarant has the right to appoint, augment or replace all members of the Architectural Committee

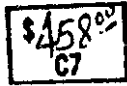
until one year after the date of the issuance of the first Final Subdivision Public Report by the DRE and has the right to appoint, augment or replace a majority of the members of such committee until twelve years after the date of the issuance of such Final Subdivision Public Report or until ninety percent of the Residences within the master planned community have been conveyed by the Declarant, whichever occurs later. Thereafter, the right to appoint, augment or replace all members of the Architectural Committee shall automatically be transferred to the Board.

The Architectural Committee may delegate all or any portion of its plan review responsibilities to one or more members of such Architectural Committee or to a person or committee established for such purpose within the various Delegate Districts.

In addition to obtaining the approval of the Architectural Committee, the Subordinate Maintenance Corporation of an Owner may also require approval by the architectural committee of a Subordinate Maintenance Corporation. In the event of any conflict between the Architectural Standards of SAMLARC and those of any Subordinate Maintenance Corporation, the SAMLARC Architectural Standards shall supercede such other architectural standards to the extent of such conflict.

#### APARTMENT LOT OWNERSHIP

An apartment lot Owner may delegate its vote and right of enjoyment in and to any of the recreational facilities owned and/or controlled by SAMLARC to its tenants. Such Owner shall also have the right to subdivide an apartment lot into two or more lots and/or convert a lot or lots into a condominium project. The allocation of voting rights and assessments shall be made in the manner prescribed in the SAMLARC Declaration except that the Board of Directors may determine that the assessments shall remain fixed for the remainder of the fiscal year in which the subdivision and/or the conversion to condominiums occurred.



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AFTER RECORDING MAIL TO:

Gibson, Dunn & Crutcher  
800 Newport Center Drive  
Newport Beach, CA 92660

RECORDING REQUESTED BY  
FIRST AMERICAN TITLE INSURANCE CO.  
RECORDED IN OFFICIAL RECORDS  
OF ORANGE COUNTY CALIFORNIA

Attention: Dorothy Urbanec

-8 35 AM APR 24 '86

*John B. Branch* COUNTY RECORDER

(Space Above This Line For Recorder's Use)

AMENDED AND RESTATED  
DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

RANCHO SANTA MARGARITA

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AMENDED AND RESTATED

DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

RANCHO SANTA MARGARITA

ORANGE COUNTY, CALIFORNIA

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this \_\_\_\_\_ day of \_\_\_\_\_ by Rancho Santa Margarita Joint Venture, a California General Partnership, its successors and assigns, hereafter referred to as "Company" or "Declarant."

I. Declarant, as the fee owner and/or the master developer recorded a Declaration of Covenants, Conditions and Restrictions on October 28, 1985, as Instrument No. 85-413883, of Official Records of Orange County, California, (the "Declaration") covering the Initial Covered Property and describing Annexation Property which may from time to time be annexed pursuant to the Declaration and become a part of the Covered Property as such terms are defined in the Article entitled "Definitions" of the Declaration.

II. Portions of the Annexation Property were made subject to all of the terms, covenants, conditions and provisions as set forth in the Declaration by the recordation in the County of Orange, State of California of Supplementary Declarations of Covenants, Conditions and Restrictions (the "Supplementary Declarations") executed by Company and the following described Participating Builders:

(a) Supplementary Declaration covering Lot 1 of Tract No. 12263 as shown on a map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County, executed by The Fieldstone Company, a California corporation as Participating Builder, recorded on November 15, 1985 as Instrument No. 85-443953 of Official Records of said County;

(b) Supplementary Declaration covering Lot 2 of Tract No. 12263 as shown on a map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County, executed by Standard-Pacific Corp., a Delaware corporation as Participating Builder, recorded on November 15, 1985 as Instrument No. 85-443652 of Official Records of said County;

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(c) Supplementary Declaration covering Lot 3 of Tract No. 12263 as shown on a map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County, executed by Akins Development Company - Santa Margarita, a California General Partnership as Participating Builder, recorded on November 18, 1985 as Instrument No. 85-463668 of Official Records of said County;

(d) Supplementary Declaration covering Lot 4 of Tract No. 12263 as shown on a map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County, executed by John Laing Homes, Inc., a California corporation as Participating Builder, recorded on November 15, 1985 as Instrument No. 85-444210 of Official Records of said County;

(e) Supplementary Declaration covering Lot 5 of Tract No. 12263 as shown on a map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County, executed by The William Lyon Company, a California corporation as Participating Builder, recorded on November 22, 1985 as Instrument No. 85-472193 of Official Records of said County;

(f) Supplementary Declaration covering Lot 1 of Tract No. 12265 as shown on a map filed in Book 546, Pages 19 to 25 inclusive, of Miscellaneous Maps, records of said County, executed by The William Lyon Company, a California corporation as Participating Builder, recorded on November 22, 1985 as Instrument No. 85-472198 of Official Records of said County;

(g) Supplementary Declaration covering Lot 3 of Tract No. 12265 as shown on a map filed in Book 546, Pages 19 to 25 inclusive, of Miscellaneous Maps, records of said County, executed by Wittenberg-Livingston Corporation, a California corporation as Participating Builder, recorded on November 15, 1985 as Instrument No. 85-444078 of Official Records of said County;

(h) Supplementary Declaration covering Lot 4 of Tract No. 12265 as shown on a map filed in Book 546, Pages 19 to 25 inclusive, of Miscellaneous Maps, records of said County, executed by The Fieldstone Company, a California corporation as Participating Builder, recorded on November 15, 1985 as Instrument No. 85-443947 of Official Records of said County;

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(i) Supplementary Declaration covering Lot 1 of Tract No. 12266 as shown on a map filed in Book 547, Pages 41 to 50 inclusive, of Miscellaneous Maps, records of said County, executed by Macco Pacific, a California General Partnership as Participating Builder, recorded on December 30, 1985 as Instrument No. 85-521800 of Official Records of said County;

(j) Supplementary Declaration covering Lot 2 of Tract No. 12266 as shown on a map filed in Book 547, Pages 41 to 50 inclusive, of Miscellaneous Maps, records of said County, executed by Baywood Homes - Santa Margarita, a California General Partnership as Participating Builder, recorded on November 26, 1985 as Instrument No. 85-476579 of Official Records of said County;

(k) Supplementary Declaration covering Lot 5 of Tract No. 12266 as shown on a map filed in Book 547, Pages 41 to 50 inclusive, of Miscellaneous Maps, records of said County, executed by Century American, a California corporation as Participating Builder, recorded on December 2, 1985 as Instrument No. 85-483033 of Official Records of said County;

(l) Supplementary Declaration covering Lot 1 of Tract No. 12267 as shown on a map filed in Book 547, Pages 34 to 40 inclusive, of Miscellaneous Maps, records of said County, executed by Standard-Pacific Corp., a Delaware corporation as Participating Builder, recorded on December 2, 1985 as Instrument No. 85-483021 of Official Records of said County;

(m) Supplementary Declaration covering Lot 2 of Tract No. 12267 as shown on a map filed in Book 547, Pages 34 to 40 inclusive, of Miscellaneous Maps, records of said County, executed by The Fieldstone Company, a California corporation as Participating Builder, recorded on December 2, 1985 as Instrument No. 85-483026 of Official Records of said County;

A Participating Builder was also designated as a Declarant with limited rights and obligations as more particularly set forth in the Declaration.

III. A portion of the Annexation Property was made subject to all of the terms, covenants, conditions and provisions as set forth in the Declaration by the recordation in said County of a Supplementary Declaration executed by Company and the following described Apartment Lot Owner:



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Supplementary Declaration covering all of Tract No. 12264 as shown on a map filed in Book 546, Pages 15 to 18 inclusive, of Miscellaneous Maps, records of said County, executed by SMV Partners, a California General Partnership as an Apartment Lot Owner, recorded on October 30, 1985 as Instrument No. 85-418523 of Official Records of said County.

IV. Section 20.01 of Article XX of the Declaration provides in part that as long as all of the Initial Covered Property is owned by Declarant and no Apartment Units have been rented, the Declaration may be cancelled or amended as to such Initial Covered Property by a writing executed by Company and such Declarant. Such property continues to be owned by Company as Declarant and no Apartment Units have been rented. An Amendment of Declaration of Covenants, Conditions and Restrictions was recorded on January 13, 1986 as Instrument No. 86-015123 of Official Records of said County, executed by Company as such Declarant, deleting the Initial Covered Property from the coverage of the Declaration.

V. Section 20.01 of Article XX of the Declaration provides further that as long as a Declarant who is not an Apartment Lot Owner continues to own all of the Annexed Property covered by a Supplementary Declaration, the Supplementary Declaration may be cancelled or amended as to all or any portion of such Annexed Property by a writing executed by Company and such Declarant. Each of the foregoing Participating Builders continues to be the fee owner of the Annexed Property described in each such Supplementary Declaration, and Company together with each such Participating Builder, as Declarant desire to amend each such Supplementary Declaration as hereinafter provided in this Amended and Restated Declaration of Covenants, Conditions and Restrictions.

VI. Section 20.01 of Article XX of the Declaration provides further that until such time as an Apartment Lot Owner has rented or leased an Apartment Unit within an Apartment Lot which comprises all or any portion of the Annexed Property covered by a Supplementary Declaration, such Supplementary Declaration may be cancelled or amended as to all or any portion of such Annexed Property by a writing executed by Company and such Apartment Lot Owner. The foregoing Apartment Lot Owner hereby declares that there has not been a rental or lease of any Apartment Unit within any Apartment Lot comprising all or any portion of the Annexed Property covered by such Supplementary Declaration.

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VII. Company and the foregoing Participating Builders, as Declarants, and the foregoing Apartment Lot Owner now desire to amend the Declaration in certain particulars as provided in this Amended and Restated Declaration of Covenants, Conditions and Restrictions, and to amend each such Supplementary Declaration to provide that the Annexed Property described therein shall hereafter be subject to the covenants, conditions, restrictions, reservations, liens and charges hereinafter set forth in this Amended and Restated Declaration of Covenants, Conditions and Restrictions.

NOW, THEREFORE, the foregoing Declarants and Apartment Lot Owners hereby amend the Declaration of Covenants, Conditions and Restrictions and the Supplementary Declarations by amending and restating the Declaration to provide as follows:

R E C I T A L S

A. Company is the master developer and Declarants and the Apartment Lot Owner are the fee owners of the Covered Property and the Annexation Property which may from time to time be annexed pursuant to this Amended and Restated Declaration of Covenants, Conditions and Restrictions and become part of the Covered Property as such terms are defined in the Article entitled "Definitions" of this Amended and Restated Declaration of Covenants, Conditions and Restrictions. This Amended and Restated Declaration of Covenants, Conditions and Restrictions shall hereinafter be referred to as the "Declaration." This Declaration is being imposed by the foregoing Declarants and Apartment Lot Owners upon the Covered Property.

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

C. It is desirable for the efficient management of the Covered Property and the preservation of the value, desirability and attractiveness of the Covered Property to create a corporation to which should be delegated and assigned the powers of managing the Covered Property, maintaining and administering the Community Property, administering and enforcing these covenants, conditions

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and restrictions, collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to, and to perform such other acts as shall generally benefit the Covered Property.

D. Rancho Santa Margarita Landscape and Recreation Corporation, a nonprofit mutual benefit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.

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

Any portion of the project which will be submitted for approval by FHA and/or VA (as such terms are defined in the Article entitled "Definitions" of the Declaration) for the purpose of having FHA and/or VA insure or guarantee any Mortgage or provide any form of assistance within the purview of such agencies with respect to the Covered Property will be consistent with the overall development plan submitted to the FHA and/or VA.

This common interest development will be a multiphased planned development as such terms are defined in Section 1350 of the Civil Code of the State of California and is designed to consist of lots improved with single family, attached and detached houses, condominiums, apartment units and certain recreational facilities which will be owned in fee or by easement by SAMLARC. Such recreational facilities shall include, without limitation, landscaped areas adjacent to public rights-of-way, parks, a lake for the common use and enjoyment of all of the members of the aforesaid SAMLARC and a trail system which will be used by such members as well as owners within certain adjacent property as long as the members of the aforesaid SAMLARC have reciprocal rights of use and enjoyment of the trail system within such adjacent property. Any property covered by this Declaration may also be subject to one or more declarations of covenants, conditions and restrictions which will create planned unit developments and/or condominium projects and may contain recreational facilities and amenities intended for use and enjoyment by the members of the nonprofit mutual benefit corporation established for the purpose of exercising the powers and functions of a maintenance corporation established pursuant to such declaration of covenants, conditions and restrictions. Although Declarant currently intends to develop the Covered Property (as such term is

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defined in this Declaration) as a part of a single master planned development, it may elect not to develop all or any portion thereof or to modify current development plans.

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

## ARTICLE I

DEFINITIONS

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

Section 1.01. "Annexation Property" shall mean and refer to that real property in the County described on Exhibit A attached hereto. "Annexed Property" shall mean and refer to the Annexation Property or portion thereof or any other real property described in a Supplementary Declaration recorded in the Official Records of the County.

Notwithstanding the provisions of the Section entitled "Development of the Covered Property" of the Article entitled "Annexations" of this Declaration, it is contemplated that the total number of Residences which may be annexed as part of the Annexation Property shall not exceed twenty thousand (20,000) Residences.

Section 1.02. "Apartment Lot" shall mean and refer to a Lot containing one or more Apartment Buildings which shall be identified as such in the Supplementary Declaration annexing such Apartment Lot to the plan of this Declaration. In the event of any further subdivision of an Apartment Lot into more than one Lot each containing one or more Apartment Buildings, each such newly created Lot shall, effective on the date of the recording of the Tract or Parcel Map effecting such subdivision, be an "Apartment Lot."

Section 1.03. "Apartment Lot Owner" shall mean and refer to the fee owner of an Apartment Lot.

Section 1.04. "Apartment Building" shall mean and refer to a separate building containing Apartment Units located within an Apartment Lot.

Section 1.05. "Apartment Unit" shall mean and refer to a residential apartment in an Apartment Building located within an Apartment Lot.

Section 1.06. "Architectural Committee" shall mean and refer to the committee or committees provided for in the Article hereof entitled "Architectural Control".

Section 1.07. "Articles" and "Bylaws" shall mean and refer to the Articles of Incorporation and Bylaws of SAMLARC as the same may from time to time be duly amended.

Section 1.08. "Assessments" shall mean Cable Television Service Assessments, Capital Improvement Assessments, Reconstruction Assessments, Regular Assessments, Special Assessments and Special Benefits Assessments, as each is defined in the Article entitled "Assessments" of this Declaration.

Section 1.09. "Benefitted Owner" shall mean and refer to an owner of property adjacent or in near proximity to the Covered Property who is obligated to contribute a Proportionate Share of Net Costs toward the construction, reconstruction, repair and maintenance of certain Improvements.

Section 1.10. "Board" shall mean the Board of Directors of SAMLARC.

Section 1.11. "Common Expenses" shall mean and refer to the actual and estimated costs or amounts paid for the benefit of SAMLARC and all Members for:

(a) maintenance, management, operation, repair and replacement of the Community Property, and all other areas which are maintained by SAMLARC pursuant to the provisions of this Declaration;

(b) unpaid Assessments other than Special Benefits Assessments;

(c) maintenance by SAMLARC of areas within the public right-of-way of public streets in the vicinity of the Covered Property as provided in this Declaration or pursuant to agreements with the County;

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

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

(f) fire, casualty, flood, liability, worker's compensation and other insurance required to be maintained by SAMLARC pursuant to the Article entitled "Insurance" of this Declaration;

(g) any other insurance obtained by SAMLARC;

(h) premiums on all bonds required in this Declaration for SAMLARC (except for premiums on fidelity

bonds obtained by a management agent for its officers, employees and agents);

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

(j) taxes paid by SAMLARC;

(k) discharge of any lien or encumbrance levied against the Community Property or portions thereof;

(l) expenses incurred by the Architectural Committee or other committees established by the Board;

(m) other expenses incurred by SAMLARC for any reason whatsoever in connection with the Community Property, or the costs of any other item or items designated by the SAMLARC Management Documents, or in furtherance of the purposes of SAMLARC or in the discharge of any duties or powers of SAMLARC.

Common Expenses shall specifically not include any Special Benefits Expenses.

Section 1.12. "Community Property" shall mean all real property and the Improvements thereon, owned in fee, by easement or leased from time to time by SAMLARC for the common use and enjoyment of the Members. The Community Property within the Development shall be designated as such on the Supplementary Declaration by which such property is annexed to the plan of this Declaration.

Section 1.13. "Condominium" and "Condominium Owner" shall mean, respectively, the estate and the Owner thereof of any condominium within the Covered Property within any condominium project established pursuant to Sections 1350 and following of the Civil Code of the State of California or any similar statute hereinafter enacted.

Section 1.14. "County" shall mean and refer to the County of Orange, State of California.

Section 1.15. "Covered Property" shall mean and refer to, subsequent to the annexation thereof pursuant to the Article of this Declaration entitled "Annexations," any real property which has become subject to this Declaration which as of the recordation of this Declaration consists of the real property in the County described as:

Lots 1 to 5 inclusive of Tract No. 12263 as per map filed in Book 546 Pages 5 to 14 inclusive, of Miscellaneous Maps records of said County;

All of Tract No. 12264 as per map filed in Book 546, Pages 15 to 18 inclusive, of Miscellaneous Maps, records of said County;

Lots 1, 3 and 4 of Tract No. 12265 as per map filed in Book 546, Pages 19 to 25 inclusive, of Miscellaneous Maps, records of said County;

Lots 1, 2 and 5 of Tract Map No. 12266 as per map filed in Book 547, Pages 41 to 50 inclusive, of Miscellaneous Maps, records of said County; and

Lots 1 and 2 of Tract Map No. 12267 as per map filed in Book 547, Pages 34 to 40 inclusive, of Miscellaneous Maps, records of said County.

Section 1.16. "Declarant" shall mean and refer to:

(a) Rancho Santa Margarita Joint Venture, a California General Partnership, its successors and assigns, by merger, consolidation or by purchase of all or substantially all of its assets;

(b) any person or entity, his or its successors and assigns, who purchases or ground leases from the Declarant named in subsection (a) of this Section five (5) or more Residences or one or more unimproved lots or parcels shown on a map filed for record in the County, within the Development for the purpose of selling or leasing Residences to the public and, if applicable, conveying Community Property to SAMLARC, if such purchaser or lessee agrees in writing with Declarant to accept assignment of Declarant's rights and duties as to the portion of the Covered Property purchased and such writing is recorded against such portion purchased.

A Participating Builder shall also be a Declarant and shall have all of the rights and obligations of the Declarant under the SAMLARC Management Documents excepting the following:

(i) the right to approve any amendments to the Declaration that are effective only when approved by the Declarant;

(ii) the right to appoint members to the Architectural Committee; and

(iii) the right to annex, without the approval of Company, any portion of the Annexation Property.



Section 1.17. "Delegate" shall mean and refer to the person appointed in the manner provided in the SAMLARC Management Documents to represent all of the Members other than Declarant within the portion of the Covered Property comprising the Delegate District of such Delegate to represent the collective voting power of all such Members at meetings of SAMLARC and shall also mean and refer to the person elected by the Declarants to represent the collective voting power of the Declarants all as more particularly provided in the SAMLARC Management Documents.

Section 1.18. "Delegate District" shall mean and refer to a particular portion of the Covered Property which is created in the manner described in the Section entitled "Establishment of Delegate Districts" of the Article entitled "Membership Voting Rights" of this Declaration.

Section 1.19. "Development" shall mean and refer to the Covered Property and the Annexation Property.

Section 1.20. "Dwelling" shall mean a Residential Dwelling Unit together with garages and other structures on the same Lot, but in the case of a Condominium, shall mean all elements of a "unit" conveyed to the Owner as "unit" is defined in the condominium plan recorded for said Condominium pursuant to Section 1350 et seq. of the California Civil Code, and in the case of any Apartment Lot, shall mean and refer to each Apartment Unit.

Section 1.21. "Exhibit" shall mean and refer to any document so designated herein and attached hereto and each of such Exhibits is by this reference incorporated in this Declaration. If additional property is annexed pursuant to the Article entitled "Annexations" of this Declaration, exhibits similar to any Exhibit attached to this Declaration may be attached to such Supplementary Declarations pertaining to the annexed property, and each of such exhibits shall thereby be incorporated in this Declaration.

Section 1.22. "Federal Agencies" shall mean and refer to collectively one or more of the following agencies and the following letter designation for such agencies shall mean and refer to respectively the agency specified within the parentheses following such letter designation: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), VA (Veterans Administration).

Section 1.23. "Final Subdivision Public Report" shall refer to that report issued by the Department of Real Estate of the State of California pursuant to Section 11018.2 of the California Business and Professions Code or any similar statute hereafter enacted.

Section 1.24. "Improvement" shall mean all:

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

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

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

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

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

Section 1.25. "Lot" shall mean and refer to a lot shown on a final map or a parcel shown on a parcel map filed for record in the County as such lot or parcel may be adjusted by Lot Line Adjustment recorded from time to time to the extent such lots or parcels are part of the Covered Property. "Lot" shall specifically not include any Community Property.

Section 1.26. "Member" shall mean and refer to every person or entity who qualifies for membership pursuant to the Article of this Declaration entitled "SAMLARC Membership," including Declarant so long as Declarant qualifies for membership pursuant to said Article.

Section 1.27. "Mortgage" and "Mortgagee" shall mean and refer respectively to any duly recorded mortgage or deed of trust encumbering a Residence and the holder of the mortgagee's or beneficiary's interest under any such Mortgage. "First Mortgage" and "First Mortgagee" shall mean and refer respectively to (i) a Mortgage which has priority over all other Mortgages encumbering a specific Residence and the holder of any such First Mortgage, and (ii) any Mortgage held by an institutional lender who obtains a security interest in any portion of the Covered Property in connection with financing by means of an industrial development bond as defined in Section 103(b)(2) of the Internal Revenue Code of 1954, as amended, or any successor statute thereof, and the holder of any such Mortgage.

The following additional terms describe Mortgagees or insurers or guarantors of Mortgages who are entitled to specific rights described in the SAMLARC Management Documents:

"Eligible Mortgage Holder" shall mean a First Mortgagee who is entitled to receive notification from SAMLARC and has the right to vote or approve any proposed amendment or action that requires the consent of a percentage of Eligible Mortgage Holders. Such Eligible Mortgage Holder shall be entitled to receive such notification and to vote on such matters only if such Eligible Mortgage Holder delivered to the Board a prior written request therefor. Wherever the approval of all or a specified percentage of Eligible Mortgage Holders is required it shall be deemed to mean the vote or approval of all or a specified percentage only of those First Mortgagees who have become Eligible Mortgage Holders by reason of having provided such notification to the Board. Wherever the vote or written approval of Eligible Mortgage Holders is required, it shall be deemed to mean such vote or approval of the percentage specified based on one (1) vote for each First Mortgage held.

"Requesting Mortgagee, Insurer or Guarantor" shall mean the Mortgagee, or insurer or guarantor of a Mortgage entitled to receive timely written notification from SAMLARC of certain matters as provided elsewhere in the SAMLARC Management Documents. To be entitled to receive such notification, the Mortgagee, insurer or guarantor must deliver to SAMLARC a written request therefor stating the name and address of such Mortgagee, or Insurer or

guarantor and the address or other identification of the Residence encumbered by the Mortgage held, insured or guaranteed by such Mortgagee, or insurer or guarantor.

Section 1.28. "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Residence, including an Apartment Lot Owner and Declarant, excluding those having any such interest merely as security for the performance of an obligation. If a Residence has been sold under a land sale contract in which the State of California is the vendor, then the vendee shall be deemed to be the Owner of such Residence. With the exception of any Apartment Units on an Apartment Lot, if a Residence is leased by Declarant for a term in excess of ten (10) years and the lease or memorandum thereof is recorded, the lessee or transferee of the leasehold interest and not the Declarant shall be deemed to be the Owner. If fee title to a Residence is owned other than by Declarant, the Owner of the fee title and not the lessee of such Residence shall be deemed the Owner regardless of the term of the lease.

Section 1.29. "Participating Builder" shall mean and refer to any person or entity other than an Apartment Lot Owner which has or will acquire from Company a portion of the Covered Property for the purpose of improving such property in accordance with Company's master development plan.

Section 1.30. "Phase" shall mean and refer to each increment of the Covered Property on which the Department of Real Estate of the State of California has issued a Final Subdivision Public Report. "Phase" shall also mean any Apartment Lot or Lots specified as such in this Declaration or in any Supplementary Declaration.

Section 1.31. "Proportionate Share of Net Costs" shall mean the contribution made by Benefitted Owners toward certain Common Expenses of SAMLARC pursuant to agreements with or for the benefit of SAMLARC.

Section 1.32.

(a) "Residence" shall mean and refer to:

(1) a Lot together with the Dwelling and other improvements constructed or intended to be constructed thereon;

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- (ii) a Condominium;
  - (iii) an Apartment Unit; and
  - (iv) a Lot conveyed by Company or any other Declarant to a member of the public without a Dwelling thereon (a "Custom Lot").
- (b) "Residence" shall specifically not include:
- (i) Community Property;
  - (ii) any real property owned or leased by a Subordinate Maintenance Corporation for the common use and enjoyment of its members; and
  - (iii) an unimproved or partially improved Lot that has been conveyed or leased by Company to a Participating Builder for the purpose of constructing or creating thereon Residences for sale or lease to the public.

Section 1.33. "SAMLARC" shall mean and refer to Rancho Santa Margarita Landscape and Recreation Corporation, a nonprofit mutual benefit corporation incorporated under the laws of the State of California, its successors and assigns.

Section 1.34. "SAMLARC Management Documents" shall mean and refer to the Articles, Bylaws, Architectural Standards, Declaration and the SAMLARC Rules and any amendments to any of the foregoing.

Section 1.35. "SAMLARC Rules" shall mean rules adopted by SAMLARC pursuant to the SAMLARC Management Documents, including, without limitation, the Section entitled "SAMLARC Rules" of the Article entitled "Discipline of Members" of the Bylaws.

Section 1.36. "Special Benefits Area" shall mean and refer to a particular portion of the Covered Property designated as such in any Supplementary Declaration which will require particular services for which SAMLARC shall incur expenses which are attributable only to Owners within such portion of the Covered Property.

Section 1.37. "Special Benefits Expenses" shall mean and refer to the actual and estimated costs or expenses incurred by SAMLARC for the exclusive benefit of Owners within a particular Special Benefits Area and may include, without limitation, the following:

(a) maintenance, management, operation, repair and replacement of Improvements, including, without limitation, landscaping and any irrigation Improvements appurtenant thereto, maintained by SAMLARC for the benefit of the particular Special Benefits Area as designated in a Supplementary Declaration for the exclusive benefit of the Owners within such Special Benefits Area;

(b) unpaid Special Benefits Assessments;

(c) utilities, trash pickup and disposal for the benefit of the Owners within such Special Benefits Area;

(d) reasonable reserves as deemed appropriate by the Board for the repair and replacement of any Improvements maintained by SAMLARC pursuant to this Section.

Section 1.38. "Subordinate Declaration" shall mean any declaration of covenants, conditions and restrictions recorded by Declarant, other than those contained herein or in a Supplementary Declaration which may be applicable to a particular portion of the Covered Property.

Section 1.39. "Subordinate Maintenance Corporation" shall mean and refer to any nonprofit mutual benefit corporation which is formed among other things to facilitate the maintenance and operation of any portion of the Covered Property which is either owned in common by the Owners who are members of such nonprofit mutual benefit corporation or which is owned by such nonprofit mutual benefit corporation for the benefit of the Owners who are its members, or to enforce or administer any Subordinate Declaration.

Section 1.40. "Supplementary Declaration" shall mean a writing annexing additional property extending the plan of this Declaration to such additional property as provided in the Article entitled "Annexations" of this Declaration. Such writing which must be recorded in the Official Records of the County shall incorporate by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration, and shall contain such other provisions set forth in this Declaration as relating to Supplementary Declarations, and such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration.

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Section 1.41. "Trail" shall mean and refer to the portion of the Trail and Landscape System described or depicted on Exhibits C and J or as may be described or depicted with particularity in any Supplementary Declaration.

Section 1.42. "Trail and Landscape System" shall mean and refer to sidewalks, walkways, bikeways and equestrian trails designed to connect public facilities and services, commercial properties, residential areas, churches, schools, parks and open spaces within the Covered Property as well as other properties owned and being developed by Company under its master development plan together with any landscaping and other improvements thereon. It shall specifically include landscaping and walkways adjacent to public rights-of-way. The Trail and Landscape System as designed at the time of the recording of this Declaration is generally depicted on Exhibit G attached hereto but will be fixed with particularity on Exhibits attached to this Declaration or to Supplementary Declarations annexing additional property to the plan of this Declaration.

Section 1.43. "Trail User" shall mean and refer to the Declarant and any person or entity to which Declarant expressly transfers and assigns any of the easement rights specifically described in the Section entitled "Trail and Landscape Easements" of the Article entitled "Rights of Ownership and Easements" of the Declaration.

## ARTICLE II

RIGHTS OF OWNERSHIP AND EASEMENTS

Section 2.01 - Amendment to Eliminate Easements. As long as any Declarant is an Owner, this Declaration cannot be amended to modify or eliminate the easements reserved to Declarant without the prior written approval of such Declarant and Company and any attempt to do so shall have no effect. As long as any Declarant is an Owner, any attempt to modify or eliminate this Section shall likewise require the prior written approval of such Declarant and Company.

Section 2.02 - Nature of Easements Unless otherwise set forth herein, any easement reserved to Declarant herein shall be nonexclusive.

Section 2.03 - Oil and Mineral Rights, Water Rights. Company shall reserve or has reserved, together with the right to grant and transfer the same:

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

(b) the right and power to use or utilize on any other property owned or leased by Company, any and all water rights or interests in water rights no matter how acquired by Company, and all water rights or interests in water rights that may be within, under or on the Covered Property, whether such water rights shall be riparian, overlying, appropriative, percolating, prescriptive or contractual; provided, however, that the reservation did not reserve to or for the benefit of Company any right to



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enter upon the surface of the Covered Property in the exercise of such rights.

Section 2.04 - Development Rights and Easements Reserved to Declarant.

(a) Improvements. Easements (i) over the Community Property for the purpose of constructing, erecting, operating and maintaining thereon, therein or thereunder roads, streets, walks, driveways, parkways and park areas and (ii) over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities are hereby reserved by Declarant together with the right to grant and transfer the same on documents in the form normally used and provided by any such Grantee; provided, however, such easements shall not unreasonably interfere with the use and enjoyment by the Members of their Residences or the Community Property. The Declarant shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such installation and maintenance within a reasonable time after the occurrence of such damage or need for restoration.

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

(c) Construction and Sales. There is hereby reserved to Declarant, together with the right to grant and transfer the same to Declarant's sales agents and representatives and prospective purchasers of Residences, over the Community Property as the same may from time to time exist, easements for construction, display, maintenance, sales and exhibit purposes in connection with the erection and sale or lease of Residences within the Covered Property provided, however, that such use shall not be for a period beyond (i) twelve (12) years after conveyance of such Community Property to SAMLARC or (ii) the fifth (5th) anniversary of the issuance of the original Final Subdivision Public Report for the most

recent Phase of the Development whichever of (i) or (ii) occurs later and provided further that no such use by any Declarant and others shall otherwise unreasonably restrict the Members in the reasonable use and enjoyment of the Covered Property. The Declarant exercising the easement rights conveyed herein shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such construction, display, maintenance, sales and exhibit purposes within a reasonable time after the occurrence of such damage or need for restoration.

(d) Public Bicycle and Pedestrian Trails. There is hereby reserved to Declarant, together with the right to grant and transfer the same on documents in the form normally used and provided by any such Grantee, an easement for public ingress and egress over any bicycle, pedestrian, equestrian or other trails shown on any recorded final tract or parcel map covering the Covered Property. The reservation of this easement shall not imply any right of public use of the Covered Property or improvements.

(e) Utilities Shown on Tract Map. There is hereby reserved to Declarant, together with the right to grant and transfer the same, easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as shown on any recorded final tract or parcel map covering the Covered Property.

(f) Termination. The rights and easements reserved to Declarant under this Section shall terminate upon the later of (i) the expiration or twelve (12) years from the date on which this Declaration is recorded, or (ii) the fifth (5th) anniversary of the issuance of the original Final Subdivision Public Report for the most recent Phase of the Development; provided, however, that in no event shall such easements terminate prior to the exoneration of any Bond in favor of SAMLARC described in the Article entitled "Enforcement of Bonded Obligations" of this Declaration.

Section 2.05 - Certain Easements for Owners. Declarant hereby reserves to itself, its successors and assigns, and agrees that it will grant to all Owners together with the right of such Owners to grant and transfer same, non-exclusive appurtenant easements for ingress, egress, use and enjoyment (which includes, without limitation, the unrestricted right of ingress and egress to such Owner's Residence) on and upon the Community Property described in

this Declaration or in any Community Property annexed pursuant to a Supplementary Declaration. These rights shall be subject to control and management by SAMLARC as more particularly provided in the Section entitled "General Powers of SAMLARC" of the Article entitled "Duties and Powers of SAMLARC" of this Declaration, and to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration.

Section 2.06 - Certain Easements for SAMLARC. There is hereby reserved to Declarant easements over the Covered Property, together with the right and obligation to grant and transfer the same to SAMLARC, for the purpose of permitting SAMLARC to discharge its obligations and powers as described in the SAMLARC Management Documents including without limitation a right of entry for such purpose as provided in the Section entitled "Powers and Duties" of the Article entitled "Powers, Duties and Limitations of the Board" of the Bylaws.

Section 2.07 - Support, Settlement and Encroachment. There is hereby reserved to Declarant, together with the right to grant and transfer the same, the following reciprocal easements for the purposes set forth below:

(a) An easement appurtenant to each Residence which is contiguous to another Residence or Community Property which Residence shall be the dominant tenement and the contiguous Residence or Community Property shall be the servient tenement;

(b) An easement appurtenant to the Community Property contiguous to a Residence, which Community Property shall be the dominant tenement and which contiguous Residence shall be the servient tenement;

(c) It is provided, however, that in the event Community Property is the dominant tenement in an easement described in this Section, Declarant shall have the right to transfer said easement to SAMLARC and not to Owners;

(d) Said easements shall be for the purposes of:

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

(ii) minor encroachments by reason of a roof or eave overhang from a Residence and for the maintenance of such roof or eave overhang by the Owner of the

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dominant tenement for as long as such encroachments exist; and

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

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

Section 2.08 - Rights and Duties: Utilities and Cable Television. Wherever sanitary sewer house connections, water house connections, air conditioning connections or ducts, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, SAMLARC or any Owner as the owner of any property served by said connections, lines or facilities shall have the right, and there is hereby reserved to Declarant, together with the right to grant and transfer the same to any such owner, an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service such owner's property, and to enter, or have utility companies enter upon any portion of the Covered Property (including without limitation, upon the Residences in or upon which said connections, lines or facilities, or any portion thereof lie), to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, provided that any damage caused by such entry shall be repaired by such owner or utility company as promptly as possible after completion of work thereon. Entry for emergency purposes may be immediate. Entry for other than emergency repairs shall be made only after notice has been given to the owner of the property being entered as required under the provisions of the Bylaws and shall be made with as little inconvenience as possible to such owner and any damage caused thereby shall be repaired by the entering party.

Section 2.09 - Subordinate Maintenance Corporation

Rights. There is hereby reserved to Declarant, together with the right to grant and transfer same to the appropriate Subordinate Maintenance Corporation or Corporations easements over the Covered Property for the purpose of permitting said Subordinate Maintenance Corporation or Corporations to discharge its maintenance obligations on the Community Property as described in any declaration of covenants, conditions and restrictions recorded by Declarant for a portion of the Covered Property.

Section 2.10 - Trail and Landscape Easement. Declarant hereby reserves to itself easements over the Trails described on Exhibit C attached hereto or any similar Exhibit attached to a Supplementary Declaration, together with the right to grant and transfer same and has previously acquired an easement over the Trail and Landscape System that is not a part of the Covered Property together with the right to grant and transfer same:

(a) To SAMLARC, over the Trail for the purpose of maintaining the Improvements located upon or within the Trail, together with the right and obligation to manage the Trail and to regulate the use thereof by the Trail Users subject to the terms and conditions of this Declaration;

(b) To the Trail Users who are Members over the Trail and Landscape System for ingress, egress, use and enjoyment, subject to control and management of the Trail by SAMLARC and of the remaining portion of the Trail and Landscape System by other nonprofit mutual benefit corporations who have an easement over a portion of the Trail and Landscape System for such purpose;

(c) To the Trail Users who are owners of property adjacent to the property covered by the Declaration, and any nonprofit mutual benefit corporation formed for the management and control of such adjacent property, for ingress, egress, use and enjoyment of the Trail subject to control and management by SAMLARC and conditioned upon the continued use and enjoyment of reciprocal rights of ingress and egress by the Trail Users who are Members over the Trail and Landscape System located within such adjacent property, which Trail and Landscape System will be subject to control and management by a nonprofit mutual benefit corporation formed for the management and control of any such adjacent property.

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Except for the maintenance by Owners of any portion of the Trail as provided in this Declaration, SAMLARC shall have the duty and obligation to maintain and otherwise manage the Trail and all facilities and Improvements thereon. The Owner of any such Lot containing any portion of the Trail shall have the right of drainage over, across and upon such portion of the Trail for water draining from said Lot through drainage devices installed in the original construction of the Improvements upon such Lot or thereafter upon the prior written approval of SAMLARC. An Owner of a Lot containing any portion of a Trail shall have the right to enter upon such portion of the Trail for the installation, maintenance and repair of the drainage systems permitted by the foregoing provision provided that any damage caused thereby to the landscaping or other Improvements existing within the Trail will be repaired at the sole expense of such Owner as soon as reasonably possible following the completion of such installation, maintenance and repair. SAMLARC shall not disturb the grading of the Trail or otherwise act with respect to the Trail in any manner that would damage the Lot upon which such Trail is located. An Owner of a Lot containing a Trail shall have the right to install, repair and maintain any underground utility systems located within such portion of the Trail provided that such systems do not unreasonably restrict the intended use and enjoyment of the Trail and any damage to the landscaping or other Improvements existing in the Trail caused thereby shall be repaired at the sole expense of such Owner and shall be accomplished as soon as reasonably possible following the completion of any such installation, repair or maintenance. In the event repair is required for any Improvement upon the Trail because of the acts or negligence of any Owner of a Lot containing such Trail or any other Trail User, such repair shall be accomplished by such negligent Owner or Trail User at his expense, or, at the sole discretion of the Board, may be accomplished by SAMLARC with the cost thereof charged to and paid by the negligent Owner or Trail User.

Section 2.11 - Park and School Easement. There is hereby reserved to Company, together with the right to grant and transfer same to any school district acquiring school property adjacent to any Community Property, an easement for limited use for park and school purposes over portions of such Community Property all as more particularly described in any existing or future grant of easement by Company to the said school district.

Section 2.12 - Exclusive Use Areas. There is hereby reserved to Company, together with the right to grant and

transfer same, easements over the Community Property, or any portion thereof, for the exclusive use by an owner or owners of contiguous property as a yard, recreational, gardening, and/or landscaping area, and for minor encroachment of any Improvements thereon and the repair and maintenance thereof (the "Exclusive Use Areas"). Such easement shall not be effective unless approved by the Department of Real Estate of the State of California and unless approved by the Board. The Board shall approve any such easement only if it has determined that it would be in the best interests of SAMLARC and the remaining Members to create such Exclusive Use Areas for the benefit of any particular owner or owners of any such contiguous property. For example and without limitation, it would be beneficial to SAMLARC and its Members to transfer the burden of management and maintenance of any property which in the course of development and construction became difficult or impossible to access. Upon conveyance, such Exclusive Use Area shall be appurtenant to the property of the owner who has the exclusive use thereof and shall be deemed to be a part of such contiguous property of such owner for the purpose of applying the rights and obligations of Owners as contained in the Declaration. Such easement shall also be subject to any additional terms, conditions and restrictions that may be imposed by the Board.

Section 2.13 - Subordination. Company and Declarant hereby agree, and any grantee of any easement by acceptance of such conveyance agrees, that the easements conveyed as described in this Article shall be subordinate to any easement which has been or will be conveyed over the property encumbered by such easement in favor of any public authority or utility company, it being further agreed by the parties hereto that any easement in favor of a public authority shall be superior to any easement in favor of a utility company. A Declarant, other than the Company and any such grantee further agree to execute any document acknowledging the subordination of such easement that may be required by Company.

Section 2.14 - Delegation of Use. Any Member may delegate his right of enjoyment to the Community Property to the members of his family or his tenants who reside on his Residence, or to his guests, or to a vendee under a land sales contract subject to the rules and regulations adopted by the Board. In the event and for so long as an Owner delegates said rights of enjoyment to his tenants or a vendee, said Owner shall not be entitled to the use and enjoyment of any facilities or equipment belonging to or controlled by SAMLARC for the use and enjoyment of its Members.

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Section 2.15 - Waiver of Use. No Member may exempt himself from personal liability for Assessments duly levied by SAMLARC, or release the Residence owned by him from the liens, charges and other provisions of the SAMLARC Management Documents by waiver of the use and enjoyment of the Community Property or the abandonment of his Residence.



ARTICLE III

DUTIES AND POWERS OF SAMLARC

Section 3.01 - General Duties and Powers. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, SAMLARC shall have the specific duties and powers specified in this Article.

Section 3.02 - General Duties of SAMLARC. SAMLARC through the Board shall have the duty and obligation to:

(a) maintain and otherwise manage the following:

(i) the Trail, except any portion thereof required to be maintained by an Owner as hereinafter provided, and all other easements and real property and all facilities, improvements and landscaping thereon in which SAMLARC holds an interest, subject to the terms of any instrument transferring such interest to SAMLARC;

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

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

(b) establish and maintain a working capital and contingency fund pursuant to the Section entitled "Reserves" of the Article entitled "Assessments" of this Declaration;

(c) accept and administer on behalf of and for the benefit of the Members any initial working capital fund or contingency reserve fund established by the Declarant pursuant to the Section entitled "Capitalization of SAMLARC" of the Article entitled "Assessments" of this Declaration;

(d) within ten (10) days of the delivery of written request, provide the Owner with (i) a copy of the SAMLARC Management Documents, (ii) a copy of the most recent financial statement of SAMLARC described in Article VIII of the Bylaws and (iii) a true statement in writing as to the amount of any unpaid Assessments and information

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relating to late charges, interest, and costs of collection, which, as of the date of the statement, are or may be made a lien upon such Owner's Residence. A reasonable fee may be imposed for providing such documents and statement, but in no event shall the fee exceed the reasonable cost to prepare and reproduce the requested documents.

Section 3.03 - General Powers of SAMLARC. Subject to limitations contained in the Section entitled "General Limitations and Restrictions on the Powers of the Board" of the Bylaws, and the Article entitled "Mortgagee Protection" of this Declaration, and elsewhere in the SAMLARC Management Documents, SAMLARC, through the Board, shall have the power but not the obligation to:

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

(b) limit the number of guests of Members and to limit the use of the recreational facilities, if any, on the Community Property by persons not in possession of a Residence but owning a portion of the interest in a Residence required for membership;

(c) establish reasonable rules and regulations pertaining to the use of the Community Property;

(d) impose temporary suspensions of an Owner's rights or other appropriate discipline for failure to comply with the SAMLARC Management Documents provided that SAMLARC has complied with the requirements for notice and hearing as set forth in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws. Notwithstanding the foregoing, SAMLARC shall not have the right hereunder to suspend any Member's right to use any portion of the Covered Property necessary for such Member to gain access to his Residence and cannot be empowered to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Residence on account of the failure by the Owner to comply with provisions of the SAMLARC Management Documents except by judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments duly levied by SAMLARC;

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(e) borrow money as may be needed in connection with the discharge by SAMLARC of its powers and duties and for the purpose of improving, replacing, restoring or expanding the Community Property or adding new Community Property and in aid thereof, to mortgage said property, provided that the Board has obtained the written approval of Eligible Mortgage Holders required under the Section entitled "Vote of Eligible Mortgage Holders and Owners" of the Article entitled "Mortgagee Protection" of this Declaration, has otherwise complied with all of the requirements of the Section entitled "General Limitations and Restrictions on the Powers of the Board" of the Article entitled "Powers, Duties and Limitations of the Board" of the Bylaws and provided further that the rights of the lender thereunder shall be subordinated to the rights of the Members. In the event of a default upon any such mortgage of the Community Property, the lender's rights thereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by the Members and, if necessary, to open the enjoyment of the Community Property to a wider public until the mortgage debt is satisfied, whereupon the possession of such properties shall be returned to SAMLARC and all rights of the Members hereunder shall be fully restored;

(f) subject to the approval rights of Eligible Mortgage Holders and Owners pursuant to the Article hereof entitled "Mortgagee Protection," dedicate or transfer all or any part of the Community Property to any public agency, authority or utility or other entity;

(g) establish in cooperation with the County a special tax assessment district for the performance of all or a portion of the maintenance and other functions now within the responsibility of SAMLARC, together with the right of SAMLARC to convey, lease or otherwise transfer, subject to the provisions of this Section, all or any portion of the Community Property to said district;

(h) grant permits, licenses and easements on, over and under the Community Property to public utilities or governmental entities or agencies for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Covered Property; provided that such permits, licenses and easements shall not unreasonably interfere with the right of any Owner to the use and enjoyment of his Residence and the Community Property;

(i) levy a charge for the use of the recreational facilities, if any, located on the Community Property;

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(j) grant concessions for commercial activities relating to the use and enjoyment of the Community Property by the Members, provided that any such contract with an affiliate of Declarant must also comply with the provisions of the Section entitled "Additional Contractual Restrictions" of the Article entitled "Powers, Duties and Limitations of the Board" of the Bylaws; and

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

Notwithstanding any contrary provision in the Articles or Bylaws, so long as there is any Residence for which SAMLARC is obligated to provide management, maintenance, preservation or control, no such dedication or transfer pursuant to this Section shall be effective unless an instrument signed by seventy-five percent (75%) of the Members agreeing to such dedication or transfer has been recorded.

Section 3.04 - Pledge of Assessment Rights. SAMLARC shall have the power to pledge the right to exercise its Assessment powers in connection with obtaining funds to repay a debt of SAMLARC provided, however, any such pledge shall require the prior affirmative vote or written assent of not less than sixty-seven percent (67%) of the voting power of SAMLARC. Said power shall include, but not be limited to, the ability to make an assignment of Assessments which are then payable to or which will become payable to SAMLARC, which assignment may be then presently effective but shall allow said Assessments to continue to be paid to and used by SAMLARC as set forth in this Declaration, unless and until SAMLARC shall default on the repayment of the debt which is secured by said assignment. SAMLARC may levy Special Assessments against the Members to obtain such funds. Upon the failure of any Member to pay said Special Assessment when due, SAMLARC may exercise all rights, including, without limitation, the right to foreclose its lien pursuant to the Article hereof entitled "Enforcement of Assessment Liens". Without limiting the generality of the foregoing, any pledge of Assessment rights in excess of an amount equal to twenty-five percent (25%) of the total Regular Assessments collected by SAMLARC in the then preceding fiscal year shall require the prior written approval of seventy-five percent (75%) of the Eligible Mortgage Holders. The levying of Special Assessments pursuant to this Section must also comply with the requirements of the Section entitled "Maximum Assessments" of the Article entitled "Assessments" of this Declaration.

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Section 3.05 - Power of Attorney. In addition to any other rights, duties, obligations and powers granted to SAMLARC herein, and not in limitation of any such rights, duties, obligations and powers, each Owner, with the exception of the Administrator of Veterans Affairs, an Officer of the United States of America, hereby appoints SAMLARC as attorney-in-fact for the purpose of handling any losses or proceeds from condemnation, destruction or liquidation of all or any part of the Covered Property to the extent such functions are the obligation of SAMLARC as such obligations are more particularly described in the SAMLARC Management Documents. All such proceeds shall be retained in the general funds of SAMLARC except as specifically provided in the Articles entitled "Destruction of Improvements" and "Eminent Domain" of this Declaration.

Section 3.06 - SAMLARC to Defend Certain Actions. In the event that a lawsuit is filed against all or substantially all of the Owners as Members, or a lien is levied against all or substantially all of the Covered Property, SAMLARC, upon a majority vote of the Members named as defendants or those Members whose property is covered by the lien, shall defend such lawsuit or cause such lien to be removed. The costs of such litigation or removal shall be a Special Assessment against all Members joined as defendants in such lawsuit or whose property is covered by the lien and shall be allocated at an equal amount for each Residence of all Members named as such defendants, provided, however, in the event that an insurance carrier is obligated to provide such defense under a policy of insurance carried by SAMLARC, SAMLARC shall be relieved of the obligation to provide such defense. Nothing contained herein shall in any way limit the rights of any Member or Members to retain counsel of their choice to represent them in such lawsuit at their own expense. In the event that a Member so chooses, he shall not be relieved of liability for the Special Assessment provided for in this Section.

## ARTICLE IV

SAMLARC MEMBERSHIP

Section 4.01 - Membership. Every Owner including the Apartment Lot Owner and any Declarant as long as Declarant continues to be an Owner by virtue of holding title to a Residence shall be a Member. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, Bylaws and SAMLARC Rules to the extent the provisions thereof are not in conflict with this Declaration. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Residence. Ownership of a Residence shall be the sole qualification for membership; provided, however, a Member's rights or privileges may be regulated or suspended for failure to comply with the SAMLARC Management Documents after notice and hearing as provided in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws.

Section 4.02 - Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred to the transferee of the interest of an Owner required for membership. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of SAMLARC. SAMLARC shall have the right to record the transfer upon the books of SAMLARC without any further action or consent by the transferring Owner.

Section 4.03 - Plural Memberships. A Member may own more than one membership in SAMLARC by complying with the qualifications of membership as to more than one (1) Residence as set forth in this Article and the Section entitled "Owner" of the Article entitled "Definitions" of the Declaration.

ARTICLE V

MEMBERSHIP VOTING RIGHTS

Section 5.01 - Voting Rights. All voting rights shall be subject to the restrictions and limitations provided in the SAMLARC Management Documents and shall commence at the time specified in the Section entitled "Vesting of Voting Rights" of the Article entitled "Assessments" of this Declaration.

Section 5.02 - Classes of Voting Membership.

(a) SAMLARC shall have three (3) classes of voting membership.

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

Class B. The Class B Member shall be Declarant. The Class B membership shall forever cease with respect to each Phase and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership in such Phase equals the total votes outstanding in the Class B membership in such Phase;

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

(c) January 1, 1998.

Class C. The Class C Member shall be the Apartment Lot Owner, subject to the provisions of the Article entitled "Apartment Lot Ownership" of this Declaration. The Class C membership shall forever cease and be converted to Class A membership (i) as to each Apartment Lot, upon the conversion of such Apartment Lot to a condominium project as hereinafter provided in the Article entitled "Apartment Lot Ownership" of this Declaration or (ii) as to all Apartment Lots when the Class B membership in all Phases of the Covered Property has converted to Class A membership.

(b) All Class A Members, other than Members who are Apartment Lot Owners, shall be entitled to one (1) vote for each Residence in which they hold the interest required for membership. The Class B Member shall be entitled to three (3) votes for each Residence in a Phase in which it holds the interest required for membership. An Apartment Lot Owner shall, as either a Class A or a Class C Member, be entitled to one (1) vote for each Apartment Unit owned.

(c) When more than one person owns a portion of the interest in a Residence required for membership, each such person shall be a Member and the vote for such Residence shall be exercised as they among themselves determine. SAMLARC may, but shall not be obliged to, refuse to recognize the vote or written assent of any such co-Owner, except the vote or written assent of the co-Owner designated in a writing executed by all of such co-Owners and delivered to the Delegate of such Owner's Delegate District.

Section 5.03 - Voting Requirements for Special Actions.

As long as there is a Class B membership, the actions indicated below in this Section shall require the percentage of each Class of the voting power of SAMLARC prescribed in the SAMLARC Management Documents. After the Class B membership has converted to Class A membership, such actions shall require the prescribed percentage of the voting power of SAMLARC together with the prescribed percentage of the total voting power of Members other than Declarants.

(a) General Limitations. Taking any of the actions specifically prohibited under the provisions of the Section entitled "General Limitations and Restrictions of the Powers of the Board" of the Article entitled "Powers, Duties and Limitations of the Board" of the Bylaws;

(b) Amendments. Amending any provision of the Articles, Bylaws or the Declaration;

(c) Annexation. Annexing real property to the plan of the Declaration other than the annexation of the Annexation Property in accordance with the provisions of the Section entitled "Annexation Without Approval and Pursuant to the General Plan" of the Article entitled "Annexations" of the Declaration.

Notwithstanding any other provision of the SAMLARC Management Documents, any action requiring a vote of the membership pertaining to or affecting a particular Special



Benefits Area or the Owners therein shall require the approval of the prescribed percentage and the class or classes of membership of the voting power of only the Owners within such Special Benefits Area.

Section 5.04 - Special Voting Rights. Notwithstanding the provisions of this Article, from the first election of directors, and thereafter for as long as a majority of the voting power of SAMLARC resides in the Declarant, or as long as there is a Class B membership, not less than forty percent (40%) of the directors shall have been elected solely by the votes of Owners other than the Declarant.

Section 5.05 - Approval of All Members. Unless elsewhere otherwise specifically provided in this Declaration, any provision of this Declaration which requires the vote or written assent of either the voting power of SAMLARC or any class or classes of membership shall be deemed satisfied by the following:

(a) The vote in person or by proxy of the specified percentage of all of the votes which are entitled to be cast by either the entire membership of SAMLARC or any class or classes of membership, as the case may be. Said vote shall be at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with annual or special meetings of the Members;

(b) Written consents signed by the specified percentage of all of the votes which are entitled to be cast by either the entire membership of SAMLARC or any class or classes of membership, as the case may be. Said vote by written consent shall be solicited pursuant to the procedures provided in the Bylaws.

Section 5.06 - Establishment of Delegate Districts. All of the Covered Property shall be divided into Delegate Districts. In the event that a Subordinate Maintenance Corporation is created for the administration of any of the property subject to the Declaration, the real property subject to the Subordinate Declaration of such Subordinate Maintenance Corporation shall constitute a Delegate District. The Supplementary Declaration annexing property that is not subject to a Subordinate Declaration shall designate the Delegate District being established by the Declarant for such Annexed Property or the Delegate District to which such Annexed Property is being annexed.

## ARTICLE VI

ASSESSMENTS

Section 6.01 - Creation of the Lien and Personal Obligation of Assessments. Each Owner, including the Declarant to the extent Declarant is an Owner as defined herein, is deemed to covenant and agree to pay to SAMLARC Assessments to be fixed, established and collected from time to time as provided in this Declaration. The Assessments, together with any late charges that have been levied plus any other reasonable costs of collection, including attorneys' fees, and interest, as permitted by Section 1366(c) of the Civil Code of the State of California, or any successor statute thereof, shall be a charge on the Residence and shall be a continuing lien upon the Residence against which each such Assessment is made, the lien to become effective upon the recordation of a Notice of Lien. Each such Assessment, together with such late charges and such other costs shall also be the personal obligation of the Owner of such Residence at the time when the Assessment becomes due. The personal obligation shall not pass to successors in title of an Owner unless expressly assumed by such successors or required by applicable law.

Section 6.02 - Purpose of Assessments. The Assessments levied by SAMLARC shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the Members, the management of the Covered Property, enhancing the quality of life in the Covered Property, and the value of the Covered Property including, without limitation, the improvement and maintenance of the Covered Property, services and facilities devoted to this purpose and related to the use and enjoyment of the Community Property, or in furtherance of any other duty or power of SAMLARC.

Section 6.03 - Cable Television Service Assessments. "Cable Television Service Assessment" shall mean a charge against an Owner and his Residence for cable television services. The Board may but shall not be obligated to contract with a cable television service company to provide service for the benefit of Members who subscribe for such service. In the event the Board makes such selection, Cable Television Service Assessments shall be levied against Owners who have subscribed with SAMLARC for such service and shall be payable in full or in installments, and at the times designated by the Board.

Section 6.04 - Capital Improvement Assessments. "Capital Improvement Assessment" shall mean a charge against a Member and his Residence levied by SAMLARC in any calendar year applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any installation, construction or replacement (other than due to destruction) of a described capital improvement upon the Community Property to the extent the same is not covered by the provisions affecting Reconstruction Assessments in the Article hereof entitled "Destruction of Improvements," including the necessary fixtures and personal property related thereto. All amounts collected as Capital Improvement Assessments may only be used for capital improvements and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Said funds shall not be commingled with any other funds of SAMLARC and shall be deemed a contribution to the capital account of SAMLARC by Members.

Section 6.05 - Reconstruction Assessments. "Reconstruction Assessment" shall mean a charge against each Member and his Residence representing a portion of the cost to SAMLARC for the repair, replacement or reconstruction of any portion or portions of the Community Property pursuant to the provisions of the Article entitled "Destruction of Improvements" of this Declaration.

Section 6.06 - Regular Assessments.

(a) "Regular Assessment" shall mean the charge levied against each Member and his Residence representing such Member's proportionate share of the estimated Common Expenses for the forthcoming fiscal year. Prior to the beginning of each fiscal year, as more particularly provided in the Bylaws, the Board shall distribute to each Member a pro forma operating statement or budget for the upcoming fiscal year which shall estimate the total Common Expenses to be incurred for such fiscal year. The Board shall at that time determine the amount of the Regular Assessment and the installments thereof to be paid by each Member. Each such installment shall be due and payable on a date established by the Board in the written notice sent to each Member.

(b) In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy, issue a supplemental estimate of the Common Expenses and to the extent permitted in the Section entitled "Maximum

Assessments" of this Article, determine the revised amount of the Regular Assessment and installments thereof, if applicable, against each Member, and the date or dates when due.

Section 6.07 - Special Assessments. "Special Assessment" shall mean a charge against a particular Owner and his Residence, directly attributable to the Owner for charges and costs designated below and any other charges that are designated as a Special Assessment in the SAMLARC Management Documents, and include, without limitation, the following:

(a) cost of any action or undertaking on behalf of SAMLARC which is not specifically covered under Regular Assessments, Capital Improvement Assessments, Reconstruction Assessments, Special Benefits Assessments, or Cable Television Service Assessments;

(b) any charge designated as a Special Assessment in the SAMLARC Management Documents;

(c) charges imposed against an Owner consisting of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse SAMLARC for the loss of interest if permitted by law and for costs reasonably incurred, including attorney's fees, in its efforts to collect delinquent Assessments;

(d) charges against any Member to reimburse SAMLARC for costs incurred in bringing such Member and his Residence into compliance with the provisions of the SAMLARC Management Documents, which Special Assessments may be levied upon the vote of the Board after notice and an opportunity for a hearing which satisfy the requirements of § 7341 of the California Corporations Code as set forth in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws; and

(e) reallocation of any unpaid Proportionate Share of Net Costs.

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

In the event SAMLARC undertakes to deliver notice or provide services for a Delegate District because such

Delegate District is not comprised of property that is subject to a Subordinate Declaration of a Subordinate Maintenance Corporation, or for any other reason, the cost and expense of any such notices or services may be charged as a Special Assessment against the Owners within such Delegate District.

Section 6.08 - Special Benefits Assessments. "Special Benefits Assessments" shall mean the charge levied against an Owner within a particular Special Benefits Area and his Residence representing such Owner's proportionate share of the estimated Special Benefits Expenses for the forthcoming fiscal year. The Board shall distribute to each such Owner a pro forma operating statement or budget for the upcoming fiscal year which shall estimate the total Special Benefits Expenses to be incurred for such fiscal year, and shall determine the amount of the Special Benefits Assessment, and the installments thereof, to be paid by each such Owner all in the same manner as provided in the SAMLARC Management Documents for the determination and payment of Regular Assessments.

Section 6.09 - Maximum Assessments.

Until January 1st of the year immediately following the conveyance of the first Residence to an Owner, the maximum annual Regular Assessment shall be Six Hundred Seventy-Five Dollars (\$675.00).

During the initial fiscal year in which Special Benefits Assessments are levied against the Owners within a particular Special Benefits Area, the Special Benefits Assessments for the Owners within such Special Benefits Area shall be the amount computed pursuant to the budget of SAMLARC in effect on the date of the first conveyance by Declarant of a Residence within such Special Benefits Area. The Board shall not impose Regular Assessments, Special Benefits Assessments or any other Assessments to defray the costs of any act or undertaking of SAMLARC except in compliance with Section 1366(b) of the Civil Code of the State of California, or any successor statute thereof, which as of the date hereof provides that the Board shall not impose Regular Assessments or Special Benefits Assessments that are more than ten percent (10%) greater than the Regular Assessments or Special Benefits Assessments, as applicable, for SAMLARC's preceding fiscal year and shall not impose any other Assessment to defray the costs of any act or undertaking of SAMLARC which in the aggregate for the fiscal year exceeds five percent (5%) of the estimated Common Expenses of SAMLARC for the said fiscal year without the vote or written assent of a

majority of the voting power cast at a meeting or election of SAMLARC conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. The provisions of this paragraph do not limit Assessment increases for the following purposes:

- (1) the maintenance and repair of Community Property or other areas which SAMLARC is obligated to maintain or repair including but not limited to the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or Improvements, and funding reserves; and
- (2) addressing emergency situations.

The Board shall not impose Regular Assessments or Special Benefits Assessments if the portions thereof directly attributable to the purposes shown under subparagraphs (1) and (2) above are more than fifteen percent (15%) greater than the portions of the Regular Assessments or Special Benefits Assessments, as applicable, for such items for SAMLARC's preceding fiscal year without the vote or written assent of a majority of the Class A and a majority of the Class B voting power of SAMLARC for as long as there is a Class B membership, and after the Class B membership has converted to Class A membership, a majority of the voting power of SAMLARC together with a majority of the total voting power of Members other than Declarants. For the purpose of calculating the percentage increase in the portions of such assessments directly attributable to the specific purposes shown under subparagraphs (1) and (2) above, the Board shall determine on a per Residence basis for each such fiscal year the aggregate amount of the Common Expense items pertaining to such purposes shown on the budget, exclusive of any other items that may be shown on the budget.

Section 6.10 - Notice and Quorum for Any Action Authorized Under Section 6.09. Any action authorized under Section 6.09 shall be taken at a meeting of SAMLARC called for that purpose written notice of which shall be sent to all Members as more particularly provided in the Bylaws. A quorum for such meetings shall be votes totaling fifty-one percent (51%) of each class of Members entitled to vote on such action. If the required quorum is not present, another meeting may be called subject to the same notice requirements and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting

but such vote is less than the requisite fifty-one percent (51%) of each class of Members, Members who did not vote may give their assent in writing, provided the same is obtained by the appropriate Delegate and forwarded to SAMLARC not later than thirty (30) days from the date of such meeting.

Section 6.11 - Assessment Allocation. Regular Assessments, Capital Improvement Assessments, Reconstruction Assessments and Special Assessments levied against all Residences for an act or undertaking of SAMLARC not covered under Regular Assessments and Capital Improvement Assessments shall be fixed at an equal amount for each Residence. Special Benefits Assessments levied against all Residences on which Assessments have commenced within a particular Special Benefits Area shall be fixed at an equal amount for each Residence within each such Special Benefits Area on which Assessments have commenced.

The provisions of this Section do not apply to an Assessment levied by the Board to reimburse SAMLARC for costs incurred in bringing the Member and his Residence into compliance with the provisions of the SAMLARC Management Documents but any such Assessment shall be subject to the provisions of the Section entitled "Costs and Charges Not Subject to Lien" of this Article.

All Assessments may be collected at intervals selected by the Board.

Section 6.12 - Costs and Charges Not Subject to Lien. A monetary penalty imposed by SAMLARC as a disciplinary measure for failure of a Member to comply with the SAMLARC Management Documents or as a means of reimbursing SAMLARC for costs incurred by SAMLARC in the repair of damage to Community Property for which the Member was allegedly responsible or in bringing the Member and his Residence into compliance with the SAMLARC Management Documents may not be characterized nor treated as an Assessment which may become a lien against such Member's Residence enforceable in accordance with the Section entitled "Foreclosure Sale" of the Article entitled "Enforcement of Assessment Liens" of the Declaration. Nothing in this Declaration, however, shall prevent SAMLARC from bringing an action at law or in equity against a Member to collect any monetary penalty imposed by SAMLARC for any of the foregoing reasons.

Section 6.13 - Certificate of Payment. SAMLARC shall, upon demand, furnish to any Member liable for Assessments a certificate in writing signed by an officer or

authorized agent of SAMLARC setting forth whether the Assessments on such Owner's Residence have been paid, and the amount of delinquency, if any. A reasonable charge may be collected by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 6.14 - Exempt Property. All properties dedicated to and accepted by, or otherwise owned or acquired by, a public authority shall be exempt from the Assessments created herein.

Section 6.15 - Date of Commencement of Assessments. The Regular Assessments shall commence with respect to all Residences (notwithstanding that the Dwelling or Improvements thereon may not be completed) other than Apartment Units in a Phase on the first day of the month following the first conveyance of a Residence within such Phase or the first day of the month following the conveyance of the Community Property, if any, in such Phase to SAMLARC, whichever shall first occur and with respect to Apartment Units shall commence as to all Apartment Units within an Apartment Building on the first day of the month following the date of the issuance of a Certificate of Occupancy for an Apartment Unit within such Apartment Building. Special Benefits Assessments shall commence with respect to all Residences (notwithstanding that the Dwelling or Improvements thereon may not be completed) other than Apartment Units in a Phase of a Special Benefits Area on the first day of the month following the first conveyance of a Residence within such Phase and with respect to Apartment Units shall commence as to all Apartment Units within an Apartment Building within such Special Benefits Area on the first day of the month following the date of the issuance of a Certificate of Occupancy for an Apartment Unit within such Apartment Building. The first Regular Assessment and the first Special Benefits Assessment within each Special Benefits Area shall be adjusted according to the number of months remaining in the fiscal year. In the event the amount budgeted to meet Common Expenses or Special Benefits Assessments for the then current year proves to be excessive in light of the actual Common Expenses or Special Benefits Assessments, the Board in its discretion may either reduce the amount of the Regular Assessment or Special Benefits Assessments, as applicable, or may abate collection of Regular Assessments or Special Benefits Assessments, as applicable, as it deems appropriate.



Section 6.16 - Vesting of Voting Rights. An Owner's right to vote shall vest immediately upon the date Regular Assessments are levied against such Owner's Residence.

Section 6.17 - No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that (i) SAMLARC is not properly exercising its duties and powers as provided in this Declaration; (ii) a Member has made and elects to make no use of the Community Property; or (iii) any construction or maintenance performed pursuant to the Section entitled "Transfer of Title and/or Control" of the Article entitled "Repair and Maintenance" of this Declaration shall in any way postpone Assessments or entitle a Member to claim any such offset or reduction.

Section 6.18 - Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect or in effect from time to time hereafter.

Section 6.19 - Reserves.

(a) The Regular Assessments which are payable in regular installments as established by the Board include an adequate reserve fund established by the Board to cover the deductible amounts of any insurance policies maintained by SAMLARC and for the periodic maintenance, repair and replacement of Community Property improvements that may be required to be maintained by SAMLARC pursuant to this Declaration.

(b) The Special Benefits Assessment which are payable in regular installments as established by the Board may also include an adequate reserve fund established by the Board for the periodic maintenance, repair and replacement of Improvements that may be required to be maintained by SAMLARC within such Special Benefits Area pursuant to this Declaration or a Supplementary Declaration.

(c) All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of SAMLARC, and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed

as to principal by the United States of America. The reserve fund is for the purpose of effecting replacements for structural elements and mechanical equipment of any recreational or other facilities owned by SAMLARC or owned in common by the Members and maintained by SAMLARC pursuant to the Declaration, or for any other purposes as may be determined by the Board. Such reserves shall be deemed a contribution to the capital account of SAMLARC by the Member.

Section 6.20 - Subordination of Assessment Liens. The lien of the Assessments, interest, late charges and costs provided for herein shall be subordinate to the lien of any First Mortgage upon any Residence. The foreclosure of any lien provided for in the Article hereof entitled "Enforcement of Assessment Liens" for the payment of Assessments, late charges and interest levied by SAMLARC in connection with unpaid Assessments, shall not operate to affect or impair the lien of a First Mortgage; and the foreclosure of the lien of a First Mortgage or the sale under a power of sale included in such First Mortgage (such events being hereinafter referred to as "Events of Foreclosure") shall not operate to affect or impair such Assessment lien, except that any persons who obtain an interest through any of the Events of Foreclosure, and the successors in interest, shall take title free of such Assessment lien or any personal obligation for said charges as shall have accrued up to the time of any of the Events of Foreclosure, but subject to the Assessment lien for all said charges that shall accrue subsequent to the Events of Foreclosure. Notwithstanding the foregoing, any such delinquent Assessments that were extinguished pursuant to this paragraph may be reallocated and assessed to all Residences as a Common Expense.

A First Mortgagee's rights pursuant to this Section shall not be affected by the failure of such First Mortgagee to deliver a notice to the Board.

Section 6.21 - Capitalization of SAMLARC. Upon acquisition of record title to a Residence from Declarant, each Owner in the first Phase of the Covered Property shall contribute to the capital of SAMLARC an amount equal to one-sixth (1/6th) of the amount of the then annual Regular Assessment for that Residence as determined by the Board provided that such Phase was approved by FHA and/or VA for the purpose of having FHA and/or VA insure or guarantee any Mortgage within such Phase. This amount shall be deposited by the buyer into the purchase and sale escrow and at the close of escrow disbursed therefrom to SAMLARC. Any amounts paid into this fund pursuant to this

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Section should not be considered as advance payments of Regular Assessments.

Section 6.22 - Collection of SAMLARC Assessments. SAMLARC may contract with any Subordinate Maintenance Corporation for the collection of Assessments and related services.

Section 6.23 - Collection of Proportionate Share of Net Costs. SAMLARC shall perform repair and maintenance obligations within or adjacent to the Covered Property which may provide benefit to owners of adjacent property and may be entitled to reimbursement of a proportionate share of the costs of such repair and maintenance pursuant to agreements with such adjacent owners. Any amounts collected by SAMLARC from such owners for such purpose and pursuant to such agreement shall be deposited in the general funds of SAMLARC and shall be applied against the Common Expenses of SAMLARC.

## ARTICLE VII

ENFORCEMENT OF ASSESSMENT LIENS

Section 7.01 - Delinquency. Any Assessment provided for in this Declaration which is not paid shall be delinquent fifteen (15) days after the date such Assessment is due (the "delinquency date"). If an Assessment becomes delinquent, SAMLARC may recover costs, late charges and interest in the amounts permitted by Section 1366(c) of the Civil Code of the State of California, or any successor statute thereof, which, as of the date hereof, permits (i) reasonable costs incurred in collecting delinquent Assessments, including reasonable attorneys' fees, (ii) a late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00), whichever is greater, and (iii) interest on all sums imposed in accordance with this Section, including the delinquent Assessment, reasonable costs of collection and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty (30) days after the Assessment becomes due. SAMLARC may at its option, and without waiving the right to judicially foreclose its lien against the Residence, pursue any available remedies, including, without limitation, bringing an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in the Section entitled "Notice of Lien" of this Article, to foreclose the lien against the Residence under the power of sale granted herein. If action is commenced, there shall be added to the amount of such Assessment, Assessments which become due and payable with respect to said Residence following the recordation of the Notice of Lien, the costs, late charges, and interest as hereinabove provided in this Section, and in the event a judgment is obtained, such judgment shall include said costs, late charges and interest. Each Member vests in SAMLARC, or its assigns, the right and power to bring all actions at law or any lien foreclosure against such Member or other Members for the collection of such delinquent Assessments.

Section 7.02 - Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Residence, and a copy thereof is recorded by SAMLARC in the office of the County Recorder of the County; said notice of claim of lien must recite a good and sufficient legal description of any such

Residence, the record Owner or reputed Owner thereof the amount claimed which, at the option of the Board and without prior demand or notice, may include all accelerated installments of such Assessment for the remainder of the fiscal year, shall include costs, late charges and interest in the amounts stated above, and the name and address of SAMLARC as claimant. For nonjudicial foreclosures, the Notice of Lien must include the name and address of the trustee authorized by SAMLARC to enforce the lien by sale. Such notice shall be signed by the person or persons authorized by resolution of the Board. Each Owner is hereby deemed to have consented to and authorized the recordation against his Residence of such a notice of claim of lien. When a Notice of Lien has been recorded, such Assessment shall constitute a lien on each respective Residence prior and superior to all other liens, except (i) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (ii) the lien or charge of any First Mortgage of record.

Section 7.03 - Foreclosure Sale. Said Assessment lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Lien, or sale by a trustee substituted pursuant to Section 2934a of the Civil Code of the State of California or any successor statute thereof. Any sale by the trustee provided for above is to be conducted in accordance with the provisions of Sections 2924 et seq. of the Civil Code of the State of California as said statutes may from time to time be amended, applicable to the exercise of powers of sale in mortgages and deeds of trust. SAMLARC, through its duly authorized agents, shall have the power to bid on the Residence, using SAMLARC funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same. Nothing herein prohibits actions against an Owner to recover sums for which a lien is created pursuant to this Article or prohibits SAMLARC from taking a deed in lieu of foreclosure.

Section 7.04 - Curing of Default. Upon the timely payment or other satisfaction prior to the completion of any sale held to foreclose the lien provided for in this Article of: (a) all delinquent Assessments specified in the notice of claim of lien, (b) all other Assessments which have become due and payable with respect to the Residence as to which such notice of claim of lien was recorded, and (c) reasonable costs, late charges, and interest as permitted by the said Section 1366(c) of the Civil Code of the State of California, or any successor statute thereof, the Board shall record an appropriate release of such notice signed by the person or persons authorized by

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resolution of the Board upon payment by the defaulting  
Owner of a fee to be determined by SAMLARC to cover the  
costs of preparing and filing or recording such release.

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## ARTICLE VIII

USE RESTRICTIONS

Section 8.01 - Commercial Use. Subject to the subsection entitled "Construction and Sales" of the Article entitled "Rights of Ownership and Easements" of this Declaration, no part of a Residence shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or any nonresidential purposes; provided, however, that the Apartment Lot Owner shall have the right to lease or rent Apartment Units and SAMLARC shall have the right to provide or authorize non-residential services on the Community Property as it deems appropriate for the enjoyment of the Community Property or for the benefit of the Members.

Section 8.02 - Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the Covered Property except (i) such signs as may be used by Declarant or its sales agents in connection with the development of the Covered Property and sale of the Residences, and (ii) signs installed or displayed by SAMLARC; provided, however, that a Member may display on his Residence a sign advertising the sale or lease of his Residence so long as such sign shall comply with any customary and reasonable standards promulgated by the Board as to the size, color, shape or other qualification for permitted signs. The Declarant shall repair any damage to or complete any restoration of the Covered Property caused or necessitated by the display of signs by Declarant or its sales agents within a reasonable time after the occurrence of such damage or need for restoration. Declarant's right to display signs under this Section shall terminate upon the later of (i) the expiration of twelve (12) years from the date on which this Declaration is recorded, or (ii) the fifth (5th) anniversary of the original Final Subdivision Public Report for the most recent Phase of the Development.

Section 8.03 - Nuisance. No noxious or offensive trade or activity, including without limitation, excessive or unreasonable mechanical or electronic sounds or music or excessive barking, shall be permitted upon any Residence or any part of the Covered Property, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Residence, or which shall in any way increase the rate of insurance on any other Residence or the Covered Property.

Section 8.04 - Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other out-building shall hereafter be used on any Residence at any time, either temporarily or permanently.

Section 8.05 - Vehicles.

(a) Except as provided in this Section, no commercial vehicle, recreational vehicle or equipment shall hereafter be permitted to remain upon the Covered Property, including, without limitation, streets, alleys or driveways unless obscured from view of adjoining Residences, streets, and alleys, nor permitted to be parked on any street, alley, or any other portion of the Covered Property except that recreational vehicles and equipment may be parked in areas designated by the Board for such purpose. This restriction shall not be deemed to prevent temporary parking for loading and unloading of vehicles or the temporary parking of commercial vehicles providing maintenance or repair services to the Residence.

(b) No automobile, recreational vehicle or equipment, commercial vehicle or any other motorized vehicle may be dismantled, rebuilt, repaired, serviced or repainted on the Covered Property unless performed within a completely enclosed garage or other structure located on a Residence which completely screens the sight and sound of such activity from streets, Community Property and neighboring Residences. The foregoing restriction shall not be deemed to prevent temporary parking for washing and polishing and those activities normally incident to washing and polishing of vehicles.

(c) As used in this Section, "recreational vehicle or equipment" shall include, without limitation, trailers, boats, campers, trailer coaches, buses, house cars, camp cars, motor homes (if a size larger than seven (7) feet in height and/or greater than one hundred twenty-four (124) inches in wheel base length), or any other similar type of equipment or vehicle.

(d) As used in this Section, "commercial vehicle" shall be defined as a truck of greater than three-quarter (3/4) ton capacity.

(e) Temporary parking shall mean parking of vehicles belonging to guests of Owners and commercial vehicles being used in the furnishing of services to SAMLARC or the Owners and parking vehicles belonging to or being used by Owners for loading and unloading purposes.



(f) The Board may adopt rules for the regulation of the admission and parking of vehicles within the Covered Property, including the assessment of charges to owners who violate, or whose invitees violate, such rules. Such rules may permit parking of recreational and commercial vehicles and equipment for limited periods of time on a non-recurring basis.

(g) Any fence, screen or structure required under this Section shall comply with any standards established pursuant to the Article entitled "Architectural Control" of this Declaration as to size, color, or other qualification for permitted fences or screens.

Section 8.06 - Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the Covered Property, except that dogs, cats or other household pets may be kept on the Residences, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board.

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

Section 8.07 - Oil and Mineral Rights. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Covered Property nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels, or mineral excavations or shafts be installed upon the surface of the Covered Property or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Covered Property.

Section 8.08 - Unsightly Items. All weeds, rubbish, debris, or unsightly material or objects of any kind shall be regularly removed from the Residences and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, trash cans, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Residence unless obscured from view of adjoining streets or portions of the Covered Property from a height of six (6) feet or less. Any fence or screen required by this Section shall comply with any standards established

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pursuant to the Article entitled "Architectural Control" of this Declaration as to size, color or other qualification for permitted fences or screens.

Section 8.09 - Antennae And Other Roof Structures.

Television, radio, or other electronic towers, aerials, antennae or devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall hereafter be erected, constructed, placed or permitted to remain on an Apartment Lot as long as any such devices are completely enclosed, are located on the ground and have been approved by the Architectural Committee. Such devices shall not be permitted to remain on any other portion of the Covered Property unless the same be contained within a building or underground conduits. No other appliances or installations on exterior roofs of structures including, without limitation, roof-top turbine ventilators, shall be permitted unless they are installed in such a manner that they are not visible from streets, Community Property, or neighboring Residences, except that attic ventilators and solar panels which are architecturally treated in conformity with guidelines contained in the Architectural Standards and which have been approved by the Architectural Committee pursuant to the provisions of the Article entitled "Architectural Control" of this Declaration shall be permitted.

Section 8.10 - Drainage. All drainage of water from any Residence shall drain or flow into adjacent streets or alleys and shall not be allowed to drain or flow upon, across, or under any other portion of the Covered Property unless an easement for such purpose is granted. An Owner shall not alter the drainage of water which exists pursuant to the drainage plan originally created at the time of the initial sale of his Residence by Declarant except through the use of a positive drainage device which does not materially affect the concentration or flow direction of drainage water under said drainage plan.

Section 8.11 - Garages. No garage doors shall be permitted to remain open except for a temporary purpose, and the Board may adopt rules for the regulation of the opening of garage doors, including the assessment of charges to Owners who violate or whose invitees violate such rules.

Section 8.12 - Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil, newspapers or other material not designed for use as a window cover.

Section 8.13 - Recreational Facilities. Any sports and recreational facilities and equipment on the Residences, including, without limitation, the mounting of basketball backboards shall be prohibited if visible from any street unless permitted under the Architectural Standards and, if required by the Architectural Standards, approved by the Architectural Committee.

Section 8.14 - Leases. Any agreement for the leasing or rental of a Residence (hereinafter in this Section referred to as a "lease") shall provide that the terms of such lease shall be subject in all respects to the provisions of the SAMLARC Management Documents and any applicable agreements between SAMLARC and any of the Federal Agencies. Said lease shall further provide that any failure by the lessee thereunder to comply with the terms of the foregoing documents shall be a default under the lease. All leases shall be in writing. Any Owner who shall lease his Residence shall be responsible for assuring compliance by such Owner's lessee with the SAMLARC Management Documents. No Residence shall be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days or any rental whatsoever if the occupants of the Residence are provided customary hotel services such as room service for food and beverage, maid service, furnishing laundry and linen and bellboy service except that Apartment Units may be leased for periods of less than thirty (30) days.

Section 8.15 - Exemption of Declarant. As long as Declarant is utilizing the easement described in the subsection entitled "Construction and Sales" of the Section entitled "Development Rights and Easements Reserved to Declarant" of the Article entitled "Rights of Ownership and Easements" of the Declaration, Declarant shall not be subject to the provisions of this Article and any amendment to this Article shall require the prior written approval of Declarant.

Section 8.16 - Subordinate Maintenance Corporation Use Restrictions. Nothing herein shall prevent a Subordinate Maintenance Corporation from adopting use restrictions for its portion of the Covered Property which are more restrictive than those set forth herein, provided that such restrictions shall in no way modify the provisions hereof.

Section 8.17 - Disclosure Notice. Each purchaser from the Declarant of any portion of the Covered Property shall be given a Disclosure Notice in the form attached hereto as

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Exhibit D or any form substituted therefor from time to time by the Declarant to disclose certain activities on or adjacent to the Covered Property which may impact an Owner's use and enjoyment of his Residence and shall be requested to execute a receipt therefor. SAMLARC shall distribute any such Disclosure Notices provided by the Declarant to any subsequent purchaser from an Owner and request a similar receipt therefor.

## ARTICLE IX

REPAIR AND MAINTENANCE

Section 9.01 - Repair and Maintenance by SAMLARC. Except to the extent that an Owner may be obligated to maintain and repair as hereinafter provided and as may be provided otherwise in the Association Management Documents, and without limiting the generality of the statement of duties and powers contained in the SAMLARC Management Documents, SAMLARC acting through its Board and its officers shall have all the power of a nonprofit mutual benefit corporation contained in Section 7140 of the Corporations Code which includes, without limitation, the power to assume obligations and enter into contracts, and shall have the duty to accomplish the following upon the Covered Property or other land in such manner and at such times as the Board shall prescribe:

(a) manage, operate, control, maintain, repair, restore, replace and make necessary improvements to the Community Property, including, without limitation, the following:

(i) the Trail and any other private walkways, bicycle paths, trails or other pedestrian paths except that SAMLARC shall be required to maintain only that portion of a Trail fence (defined to mean a fence separating a Lot or portion thereof from the Trail) shown on Exhibit E attached hereto or attached to any similar Exhibit attached to a Supplementary Declaration as being maintained by SAMLARC;

(ii) drainage facilities and easements in accordance with the requirements of the County Flood Control District;

(b) maintain those lot perimeter walls, or portions thereof, shown on Exhibit E or on any similar Exhibit attached to a Supplementary Declaration as being maintained by SAMLARC;

(c) maintain the public rights-of-way shown on Exhibit F or on any similar Exhibit attached to a Supplementary Declaration according to the standards established by the responsible public official of the County for public rights-of-way in the County;

(d) maintain any portion of the Trail and Landscape System located upon adjacent property as described on Exhibit J attached hereto or on any similar Exhibit attached to a Supplementary Declaration;

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(e) maintain village entry signs and monuments located within the portions of the Covered Property indicated on Exhibit I or on any similar Exhibit attached to a Supplementary Declaration;

(f) maintain any landscaping or irrigation systems appurtenant thereto and other Improvements located upon that property described on Exhibit H or on any similar Exhibit attached to any Supplementary Declaration; and

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

SAMLARC shall execute any agreements with the County pertaining to maintenance and repair obligations of SAMLARC consistent with the provisions of this Declaration. The costs of any such maintenance and repair pursuant to this Section shall be paid out of the general funds of SAMLARC, except as otherwise specified in this Declaration as payable by the particular Owners.

Section 9.02 - Repair and Maintenance by Owner. Each Owner shall:

(a) maintain the Dwelling in good condition and repair;

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

(c) Unless otherwise provided on Exhibit E attached hereto or on any similar Exhibit attached to a Supplementary Declaration, every Owner of a Lot that (i) contains all or any portion of a Trail fence or any portion of the lot perimeter walls shown on Exhibit E attached hereto or as may be shown on any similar Exhibit attached to a Supplementary Declaration, or (ii) is contiguous to Community Property containing any such Trail fence or lot perimeter wall, shall maintain, repair, restore and reconstruct the portion of any such Trail fence or lot perimeter wall within his Lot or lying between the prolongation of the boundary lines of his Lot, into such Community Property to such Trail fence or lot perimeter wall;

(d) In the event the Board shall determine that any Improvements required to be maintained by SAMLARC have been damaged by a particular Owner, the said Owner shall

be responsible for repairing such damage in a timely manner and in accordance with such rules as the Board or Architectural Committee shall from time to time adopt; and

(e) Owners shall be relieved of their obligations under this Section to the extent that such obligations are the responsibility of a Subordinate Maintenance Corporation.

Section 9.03 - Noncompliance by Owner. In the event that an Owner fails to accomplish any installation, maintenance or repair required by this Article, after approval by two-thirds (2/3rds) vote of the Board, the Board shall give notice to the Owner describing the deficiency and setting a date for a hearing before the Board or a committee selected by the Board for such purpose. The procedure for such notice and hearing and for the correction of the violation is described in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws.

Section 9.04 - Standards for Maintenance and Installation.

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

(b) All portions of the yard of a Residence which are unimproved and visible from the street on which said residence fronts shall be landscaped by the Owner thereof on or before a date six (6) months from the original conveyance of such Residence by Declarant. Thereafter, such landscaping shall be maintained by the Owner in an attractive condition.

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

(d) Any Subordinate Maintenance Corporation shall maintain any landscaped areas which it owns or which are owned in common by its members in an attractive condition and shall maintain any slopes and terraces which are its responsibility so as to prevent erosion thereof upon adjacent streets or adjoining property.

Section 9.05 - Maintenance of Public Utilities. Nothing contained herein shall require or obligate SAMLARC to maintain, replace or restore the underground facilities or

public utilities which are located within easements in the Community Property owned by such public utilities. However, SAMLARC shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

Section 9.06 - Transfer of Title and/or Control.

(a) The Community Property within any Phase of the Covered Property shall be conveyed to SAMLARC prior to or concurrently with the first conveyance of a Residence requiring the delivery of a Final Subdivision Public Report in such Phase. Any real property denominated as "Community Property" in a Supplementary Declaration shall be conveyed to SAMLARC prior to or concurrently with the first conveyance of a Residence located within the real property which is annexed to the coverage hereof by such Supplementary Declaration. Declarant shall convey the Community Property to SAMLARC free of all liens and encumbrances except current real property taxes and assessments (which taxes and assessments shall be prorated as of the date of conveyance), title exceptions of record and the covenants, conditions, reservations and restrictions contained in this Declaration and the instrument which conveys the Community Property to SAMLARC. SAMLARC shall be deemed to have accepted the obligation to maintain the Improvements upon the Community Property and any Improvements upon any other property required to be maintained by SAMLARC pursuant to this Declaration or any Supplementary Declaration (i) when such Improvements have been completed in substantial conformance with the plans and specifications therefor and (ii) as to any Community Property and any Improvements on any other property described in the Declaration, on the date Regular Assessments commence upon the Residences within the Covered Property, and as to the Community Property and any Improvements on any other property described in a Supplementary Declaration, on the date Regular Assessments commence upon the Residences within the Annexed Property described in such Supplementary Declaration. The issuance of a certificate by the architect who designed any such Improvements stating that such Improvements are in substantial conformance with the original plans and specifications, shall be satisfactory evidence of such completion. SAMLARC shall release Declarant from the Bond defined in the Article entitled "Enforcement of Bonded Obligations" of this Declaration as to any Improvements which are accepted for maintenance. Any dispute between any Declarant and SAMLARC shall be resolved in accordance with the provisions contained in



the Section entitled "Enforcement" of the Article entitled "General Provisions" of this Declaration.

(b) Declarant, its subcontractors and the agents and employees of the same shall have the right to come on the Community Property to complete the construction of any landscaping or other improvement to be installed on the Community Property, and if any excess of Assessments collected over actual Common Expenses incurred by SAMLARC is caused by reason of construction or maintenance pursuant to this Section, or otherwise, such excess shall be placed in reserve to offset the future expenses of SAMLARC in any manner designated by the Board. Declarant shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such construction within a reasonable time after the occurrence of such damage or need for reconstruction.

Declarant's rights to come on the Community Property under this Section shall terminate upon the later of (i) the expiration of twelve (12) years from the date of the conveyance of the Community Property to SAMLARC, or (ii) the fifth (5th) anniversary of the original Final Subdivision Public Report for the most recent Phase of the Development, provided, however, in no event shall Declarant's rights hereunder terminate prior to the exoneration of any Bond in favor of SAMLARC described in the Article entitled "Enforcement of Bonded Obligations" of this Declaration.

Section 9.07 - Relationship With Subordinate Maintenance Corporation. For purposes of this Declaration, a Subordinate Maintenance Corporation shall be deemed responsible for the maintenance of an area if the Subordinate Declaration of such Subordinate Maintenance Corporation recorded by Declarant designates such area to be maintained by such Subordinate Maintenance Corporation. SAMLARC shall be responsible for such maintenance or other obligations, if any, imposed in the Subordinate Declaration, or any amendments thereto, recorded by Declarant to which SAMLARC consents in writing, and in such event no Subordinate Maintenance Corporation shall be responsible therefor. The members of the Subordinate Maintenance Corporation shall not amend any such Subordinate Declaration to terminate or modify the maintenance responsibilities of such Subordinate Maintenance Corporation without the prior written approval of the Board. In the event that a Subordinate Maintenance Corporation does not execute its maintenance responsibilities in compliance with the Architectural Standards and the Section of this Article entitled

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"Standards for Maintenance and Installation" SAMLARC may perform such maintenance itself and levy a Special Assessment therefor on the Members who are owners of property under the Subordinate Declaration of such Subordinate Maintenance Corporation.

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## ARTICLE X

ARCHITECTURAL CONTROLSection 10.01 - Architectural Committee.

(a) The Architectural Committee shall consist of not less than three (3) nor more than five (5) persons as fixed from time to time by resolution of the Board. The Declarant shall initially appoint the Architectural Committee. The Declarant shall retain the right to appoint, augment or replace all members of the Architectural Committee until one (1) year after the date of the issuance of a Final Subdivision Public Report covering the first Phase of the Covered Property. The Declarant shall retain the right to appoint, augment or replace a majority of the members of the Architectural Committee until twelve (12) years after the date of the issuance of said Final Subdivision Public Report, or until ninety percent (90%) of the Residences within the Development have been conveyed by the Declarant, whichever occurs later.

(b) Notwithstanding the foregoing, commencing one (1) year following the issuance of said Final Subdivision Public Report, the Board shall have the right but not the obligation to appoint the remaining persons to the Architectural Committee. Twelve (12) years after the date of the issuance of said Final Subdivision Public Report, or when ninety percent (90%) of the Residences within the Development have been conveyed by Declarant, whichever shall later occur, the right to appoint, augment or replace all members of the Architectural Committee shall automatically be transferred to the Board. Persons appointed by the Board to the Architectural Committee must be Members; however, persons appointed by Declarant to the Architectural Committee need not be Members, in Declarant's sole discretion.

(c) The Board shall designate from time to time the address of the Architectural Committee. Such address shall be the place where the current Architectural Standards shall be kept. In the event plan review responsibilities have been delegated to a person or committee established within a Delegate District, the Board may establish secondary addresses within the Delegate Districts for the submittal of plans and specifications.

Section 10.02 - Architectural Standards. The Board may, from time to time, adopt and promulgate Architectural

Standards to be administered through the Architectural Committee. The Architectural Standards may include among other things those restrictions and limitations upon the Owners set forth below:

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

(b) Conformity of completed Improvements to plans and specifications approved by the Architectural Committee; provided, however, purchasers and encumbrancers of a Residence in good faith and for value shall be deemed to be in compliance with plans and specifications for such Residence approved by the Architectural Committee and in compliance with the Architectural Standards unless notice of noncompletion or nonconformance specifying the reason for the notice shall be filed of record against such Residence in the Office of the County Recorder of the County and given to such Owner within one (1) year of the expiration of the time limitation described in subsection (a) above, or unless legal proceedings shall have been instituted to enforce compliance or completion within said one (1) year period. The Owner to whom a notice of noncompletion or noncompliance has been issued shall be bound by such notice regardless of whether such notice has been filed of record in the Office of the County Recorder. Each Owner hereby is deemed to have consented to and authorized the recordation against his Residence of such a notice of noncompletion or nonconformance executed by duly authorized officers of SAMLARC.

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

(d) A description of the types of such construction, reconstruction, additions, alterations or maintenance which, if completed in conformity with the Architectural Standards, do not require the approval of the Architectural Committee.

(e) Restrictions controlling the species and placement of any trees, plants, bush, ground cover or other growing thing placed or planted on the Covered

Property but shall specifically not include any provision that would require the pruning of trees, plants or bushes or mowing of lawns except to the extent necessary to preserve the attractiveness of the Covered Property.

Section 10.03 - Functions of Architectural Committee.

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

(b) The Architectural Committee may delegate all or any portion of its plan review responsibilities to one or more members of such Architectural Committee or to a person or committee established for such purpose within the Delegate District in which the affected Residence is located. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Architectural Committee.

(c) The Architectural Committee has the right, but not the obligation, to require that plans and specifications be approved by an architectural committee of a Subordinate Maintenance Corporation prior to being submitted to the Architectural Committee for approval. In such event, the plans and specifications will be deemed to have been submitted, provided that the Owner has complied with all other conditions for submittal, on the date the Architectural Committee receives written evidence of such approval.

(d) The Architectural Committee may, from time to time, subject to the approval of the Board, adopt, amend and repeal Architectural Committee Rules, may require the prepayment of a deposit to be applied toward the payment of any Special Assessment levied by the Board if such Owner fails to restore any portion of the Covered Property to a clean and attractive condition and may assess a reasonable fee as appropriate for the type and nature of the Improvement, in connection with the review of plans and specifications for proposed Improvements, including without limitation, a procedure for approval of preliminary plans and drawings, as well as final approval, the number of sets of plans to be submitted, the minimum content of any submission, and may require such detail as it deems proper, including without limitation, floor plans, site plans, elevation drawings, and descriptions or samples of exterior material and colors.

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

(f) Unless all of the rules of the Architectural Committee have been complied with, plans and specifications shall be deemed not submitted. In the event the Architectural Committee initially required the prior approval of plans and specifications by an architectural committee of a Subordinate Maintenance Corporation and subsequently waived its requirement prior to receiving any evidence of approval by such architectural committee, the plans and specifications will be deemed to have been submitted, provided that the Owner has complied with all other conditions for submittal, on the date the Architectural Committee waives such requirement. Approval by the Architectural Committee shall not be deemed to include approval by any architectural committee of a Subordinate Maintenance Corporation nor shall it imply that approval by any such architectural committee is not required.

#### Section 10.04 - Approval of Plans.

(a) If required by the Architectural Standards, no Improvement shall be constructed, installed, expanded, made, planted, commenced, erected or maintained upon the Covered Property except in compliance with plans and specifications therefor which have been submitted to and approved by the Architectural Committee.

(b) The Architectural Committee shall review and approve or disapprove all plans and specifications submitted to it for any proposed Improvement solely on the basis of compliance with the Architectural Standards, aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Development generally. The Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials, and similar features.

(c) The Architectural Committee shall approve plans and specifications submitted for its approval only if it deems that the proposed Improvement will not be detrimental to the appearance of the Development as a whole; that the Improvement complies with the

Architectural Standards; that the appearance of any Improvements will be in harmony with the surrounding structures; and that the construction of any Improvement will not detract from the beauty and attractiveness of the Development.

(d) The Architectural Committee may condition its approval of plans and specifications for any Improvement on such changes therein as it deems appropriate or may determine that such Improvement cannot be approved because of its effect on existing drainage, utility or other easements, or may condition its approval of such improvement upon approval of such improvement by the holder of any such easement, or may condition its approval upon approval of any such Improvement by the appropriate governmental entity, and may require submission of additional plans and specifications or other information or materials prior to approving or disapproving plans and specifications submitted. Any Architectural Committee approval conditioned upon the approval by a governmental entity shall not imply SAMLARC is enforcing any government codes or regulations, nor shall the failure to make such conditional approval imply that any such governmental agency approval is not required.

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

(f) As long as Declarant is utilizing the easement described in the subsection entitled "Construction and Sales" of the Section entitled "Development Rights and Easements Reserved to Declarant" of the Article entitled "Rights of Ownership and Easements" of this Declaration, Declarant shall not be subject to the provisions of this Section, and any amendment to this Section shall require the prior written approval of Declarant.

Section 10.05 - Nonliability for Approval of Plans. Plans and specifications shall be approved by the Architectural Committee as to style, exterior design, appearance and location, and are not approved for engineering design or for compliance with zoning and building ordinances, and other applicable statutes, ordinances or governmental rules or regulations, the requirements of any public utility, or any easements or other agreement, and by approving such plans and specifications neither the Architectural Committee, the members thereof, SAMLARC, the

Members, the Board nor Declarant nor agents, employees, attorneys or consultants of any of the foregoing, assume liability or responsibility therefor, or for any defect in any Improvement constructed from such plans and specifications.

Section 10.06 - Appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved thereby, the party or parties making such submission may appeal in writing to the Board. The written request shall be received by the Board not more than fifteen (15) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for review, whose written recommendations are to be submitted to the Board. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant.

Section 10.07 - Inspection and Evidence of Approval.

(a) The Architectural Committee shall cause an inspection to be undertaken within forty-five (45) days of a request therefor from any Owner as to his Residence, and if such inspection reveals that the Improvement has been completed in compliance with this Article, any person or persons authorized by resolution of the Board, shall provide to such Owner a notice of such approval in recordable form which shall be conclusive evidence of compliance with the provisions of this Article as to the Improvement described in such notice, but as to such Improvement only.

(b) If for any reason the Architectural Committee fails to cause an inspection to be made within forty-five (45) days of being notified by the Owner of the completion of an Improvement or fails to notify the Owner of any noncompliance within thirty (30) days after an inspection, the Improvement shall be deemed to be completed in substantial conformance with approved plans and specifications. In such event, the Owner shall be entitled to receive a notice of compliance in recordable form upon request, executed by any person or persons authorized by resolution of the Board. Such notice of compliance shall be conclusive evidence of compliance with the provisions of this Article as to the Improvements described in the notice.



Section 10.08 - Failure to Submit Plans; Nonconformity. SAMLARC has the right to enter the Residence pursuant to the provisions of the Section entitled "Powers and Duties" of the Article entitled "Powers, Duties and Limitations of the Board" of the Bylaws for the purpose of inspecting an Improvement constructed or being constructed upon such Residence. In the event an Improvement was commenced without the required approval of the Architectural Committee, or, if such Improvement was not completed in substantial conformance with the approved plans and specifications, the Architectural Committee shall give notice of the violation to the violating Owner, which notice shall briefly describe the violation and shall set a date for a hearing before the Board, or a committee selected by the Board for such purpose. The procedure for notice and hearing and for the correction of any violation is described in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws.

Section 10.09 - Variances. In the event the Board finds in favor of the Architectural Committee upon appeal of a disapproval of plans and specifications pursuant to the Section entitled "Appeal" of this Article or in the event the Board finds a noncompliance with the provisions of this Article upon review of a decision by the Architectural Committee after an inspection pursuant to the Section entitled "Failure to Submit Plans: Nonconformity" of this Article, the Board may authorize a variance from compliance with the architectural controls set forth in this Article when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental consideration may require; provided, however, that no variance from the use restrictions contained in the Article entitled "Use Restrictions" of this Declaration may be granted. Such variances must be evidenced in writing, must be signed by a majority of the members of the Architectural Committee, and if possible, should be recorded in the Office of the County Recorder of the County. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular Residence and particular provision of this Article covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all government laws and regulations affecting his use of his Residence including, but not limited to, zoning ordinances and lot setback

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lines or requirements imposed by any governmental or municipal authority.

Section 10.10 - Reconstruction of Condominiums. The reconstruction after destruction by casualty or otherwise of any Condominium which is accomplished in substantial compliance with a condominium plan filed covering the portion of the Covered Property in which such Condominium is situated shall not require compliance with the provisions of this Article. Such reconstruction shall be conclusively deemed to be in substantial compliance with such condominium plan if it has received the approval of the Subordinate Maintenance Corporation formed by Condominium Owners within the portion of the Covered Property in which the Condominium being reconstructed is located. This Section may not be modified or eliminated without the prior vote or written assent of a majority of the Condominium Owners; provided, however, except upon the occasion of such reconstruction in accordance with such condominium plan, the Architectural Standards, if any, shall apply to a Subordinate Maintenance Corporation consisting of Condominium Owners, or other Owners, to the same extent as they apply to an individual Owner, unless the Board provides otherwise.

ARTICLE XI

INSURANCE

Section 11.01 - Public Liability Insurance. SAMLARC shall obtain and maintain in effect a comprehensive public liability insurance policy insuring SAMLARC against any liability incident to the ownership or use of the Community Property or any other areas under the supervision of SAMLARC.

(a) Amount and Scope of Insurance. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) for claims arising out of a single occurrence for bodily injury, deaths of persons and property damage. Coverage under this policy shall include without limitation liability of the insureds for property damage, bodily injury and deaths of persons in connection with the operation, maintenance or use of the Community Property and legal liability arising out of lawsuits related to employment contracts of SAMLARC.

(b) Supplemental Coverage. Such policy shall include, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured and a "severability of interest" clause or endorsement precluding the insurer from denying the claim of an Owner because of negligent acts of SAMLARC or other Owners and such other coverage in kinds and amounts required by private institutional mortgage investors for projects similar in construction, location and use.

Section 11.02 - Fire and Casualty Insurance. SAMLARC shall obtain and maintain in effect a policy of fire and casualty insurance covering all of the insurable improvements upon the Community Property, including fixtures and building service equipment to the extent that they are part of the Community Property as well as common personal property and supplies belonging to SAMLARC.

(a) Amount of Coverage. The policy shall be in an amount equal to at least one hundred percent (100%) of the current replacement cost, without deduction for depreciation or coinsurance, of all of the property covered by the policy.

(b) Perils Covered. Such insurance must afford protection against at least loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, and such other perils which are customarily covered and required by private institutional

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mortgage investors with respect to similar planned unit development projects in the area of the Covered Property, including all perils normally covered by the standard "all risk" endorsement, if available.

(c) Required Endorsements. Such policy must contain if required by any of the Federal Agencies and if obtainable:

(i) an Agreed Amount and Inflation Guard and replacement cost Endorsement; and

(ii) Construction Code Endorsements (such as Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement) if the Covered Property is subject to a construction code provision which would become operative and require changes to undamaged portions of the buildings, thereby imposing significant costs in the event of partial destruction of the Covered Property by an insured peril.

(d) Optional Endorsements. Such policy may contain vandalism and malicious mischief coverage, special form endorsement, a stipulated amount clause and a determinable cash adjustment clause, a similar clause to permit cash settlement covering full value of the improvements on the Covered Property in the event of destruction of improvements and a decision not to rebuild pursuant to the Article entitled "Destruction of Improvements" of this Declaration.

(e) Named Insured and Loss Payable. The policy shall name SAMLARC as the insured for the use and benefit of the Owners.

(f) Mortgage Clause. Such policy shall contain the "standard mortgage clause" or equivalent endorsement providing that coverage of a mortgage under the insurance policy will not be adversely affected or diminished by an act or neglect of the mortgagor, which is commonly accepted by private institutional mortgage investors in the area in which the Covered Property is located, unless such coverage is prohibited by applicable law. A mortgage clause in favor of Mortgagees holding Mortgages on Residences is not required on a policy insuring the Community Property.

(g) Deductible. Unless a higher maximum amount is required by state law, the maximum deductible amount for

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fire and casualty insurance policies covering the Community Property shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the face amount of the policy.

Section 11.03 - Fidelity Bonds. SAMLARC shall comply with the fidelity bond requirements of Federal Agencies contained in this Section unless otherwise permitted by the Federal Agencies.

SAMLARC shall obtain and maintain in effect a blanket fidelity bond covering losses resulting from dishonest or fraudulent acts on the part of anyone who handles or is responsible for funds held or administered by SAMLARC, including directors, officers, trustees, employees or volunteers of SAMLARC. Where SAMLARC delegates some or all of the responsibility for the handling of funds to a management agent, fidelity bonds are required for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, SAMLARC. A management agent who handles funds for SAMLARC should also be covered by its own fidelity bond and must submit evidence of such coverage to SAMLARC.

(a) Amount of Coverage. The fidelity bond should cover the maximum funds that will be in the custody of SAMLARC or its management agent at any time while the bond is in force. In addition, the fidelity bond shall be written in the highest amount required by any of the Federal Agencies.

(b) Other Requirements. Fidelity bonds must also meet the following requirements:

(i) Fidelity bonds shall name SAMLARC as obligee; and

(ii) The bonds shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Section 11.04 - Flood Insurance. If the Community Property or any portion thereof is located within an area having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), SAMLARC shall obtain a policy of flood insurance on the buildings and any other property covered by the required form of policy (herein "insurable property").

(a) Amount of Coverage. The flood insurance policy shall be in an amount deemed appropriate, but not less than the lesser of: (1) the maximum coverage available under the NFIP for all such insurable property; or (2) 100% of current replacement cost of all such insurable property or in the amount of the aggregate of the outstanding principal balances of the Mortgage loans on the insurable property, whichever is the higher.

(b) Named Insured and Loss Payable. The policy shall name as the insured SAMLARC for the use and benefit of the Owners. Such policy shall contain a standard mortgagee clause which provides that any proceeds shall be paid to SAMLARC for the use and benefit of Mortgagees as their interest may appear.

(c) Deductible. Unless a higher amount is required by state law, the maximum deductible amount for policies covering Community Property shall be the lesser of Five Thousand Dollars (\$5,000) or one percent (1%) of the face amount of the policy.

Section 11.05 - Worker's Compensation Insurance. The Board shall purchase and maintain in force worker's compensation insurance, to the extent that the same shall be required by law, for all employees of SAMLARC.

Section 11.06 - Notice of Cancellation or Modification. All insurance policies and fidelity bonds maintained by SAMLARC must provide that such policies or bonds may not be cancelled, reduced or substantially modified without at least thirty (30) days' prior written notice to SAMLARC and any First Mortgagee named in a mortgage clause and in the case of fidelity bonds to each mortgage servicing contractor acting on behalf of any of the Federal Agencies.

Section 11.07 - Waiver by Members. All insurance obtained by SAMLARC shall be maintained by SAMLARC for the benefit of SAMLARC, the Owners and the Mortgagees as their interests may appear. As to each of said policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims against SAMLARC, the Board, other Owners, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 11.08 - Premiums. Insurance and fidelity bond premiums for any such blanket insurance coverage obtained

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by SAMLARC and any other insurance deemed necessary by SAMLARC shall be a Common Expense to be included in the Regular Assessments levied by SAMLARC.

Section 11.09 - Annual Insurance Review. The Board shall at least annually determine whether the amounts and types of insurance it has obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area in which the Covered Property is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interest of the Owners and of SAMLARC. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 11.10 - Federal Requirements. Notwithstanding the foregoing provisions of this Article, SAMLARC must obtain and shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by any of the Federal Agencies, when any such Federal Agency first becomes and as long as it continues to be either a Mortgagee, Owner, or insurer or guarantor of a Mortgage within the Covered Property, except to the extent such coverage is not available or has been waived in writing by the foregoing entity.

## ARTICLE XII

DESTRUCTION OF IMPROVEMENTS

Section 12.01 - Definitions. The following terms used in this Article are defined to mean as follows:

- (a) "Insured Improvements" shall mean the Improvements on the Covered Property insured under the fire and casualty insurance policy maintained by SAMLARC.
- (b) "Affected Common Facility" shall mean a partially or totally destroyed Insured Improvement.
- (c) "Affected Owner" shall mean and refer to an Owner who has commenced paying Regular Assessments and is entitled to vote pursuant to the provisions of the Declaration.
- (d) "Acceptable Range of Reconstruction Cost" shall mean that the amount of the insurance proceeds paid for partially or totally destroyed Insured Improvements together with the amount of any deductible amount designated in the fire and casualty insurance policy maintained by SAMLARC totals at least ninety percent (90%) of the estimated cost to repair, replace or reconstruct such partially or totally destroyed Insured Improvements. If the Board has not been able to make any determination as to the Acceptable Range of Reconstruction Cost within sixty (60) days of the date of the destruction, it shall be deemed to mean that the Acceptable Range of Reconstruction Cost requirements were not met and the Board shall proceed as hereinafter provided in the Section entitled "Determination to Proceed with Reconstruction" of this Article.
- (e) "Substantial Destruction" shall mean a destruction of Insured Improvements representing at least seventy-five percent (75%) of the current replacement cost value of all Insured Improvements upon the Covered Property.

Section 12.02 - Immediate Action of the Board. In the event any Insured Improvements are damaged, the Board shall take the following action:

- (a) Notice of Destruction. The Board shall notify all Requesting Mortgagees, Insurers and Guarantors as promptly as practicable. As used herein, "damaged" shall mean as defined in the subsection entitled "Destruction or Taking" of the Article entitled "Mortgagee Protection" of this Declaration.



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

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

Section 12.03 - Determination to Proceed with Reconstruction. The Board shall, upon the happening of any one of the events shown in subsection (a) of this Section, call a special meeting of SAMLARC or shall distribute written ballots to the Owners for action to be taken by Owners without a meeting to determine whether not to proceed with the repair, replacement or reconstruction of partially or totally destroyed Insured Improvements.

(a) Events Requiring Vote.

- (i) a Substantial Destruction;
- (ii) failure to meet the requirements of the Acceptable Range of Reconstruction Cost;
- (iii) receipt of a written request of Affected Owners representing at least five percent (5%) of the total voting power of the Affected Owners requesting such action.

(b) Failure to Obtain Requisite Vote. Unless the Board has obtained the vote or written consent of the

percentage of the voting power of Eligible Mortgage Holders and Owners required under the Article entitled "Mortgagee Protection" of this Declaration, it shall proceed with the repair, replacement or reconstruction of the partially or totally destroyed Insured Improvements. The vote or consent of Eligible Mortgage Holders may be solicited concurrently or subsequent to the vote of the Owners, except that even if the requisite percentage of the voting power of the Owners has determined not to proceed, the Board shall nevertheless proceed with such repair, replacement or reconstruction unless it has received the written consent of the requisite percentage of the voting power of Eligible Mortgage Holders within one hundred twenty (120) days from the date of such destruction.

Section 12.04 - Reconstruction.

(a) Commencement of Repair, Replacement or Reconstruction. The repair, replacement or reconstruction shall commence as soon as practicable following either of the following events:

(i) a determination that the requirements of the Acceptable Range of Reconstruction Cost have been met, except that if Reconstruction Assessments must be levied, such work shall not commence until thirty (30) days have elapsed following the delivery of the notice of the Reconstruction Assessment to all Affected Owners required to pay Reconstruction Assessments. The notice of estimated Reconstruction Assessment required to be delivered to each such Affected Owner as hereinabove provided in this Article shall satisfy this condition if the actual amount of the Reconstruction Assessment does not exceed the estimated amount set forth in the said notice;

(ii) if a vote of Affected Owners is required under the Section entitled "Determination to Proceed with Reconstruction" of this Article, the expiration of the time limitation imposed under the said Section.

(b) Proceeds of Insurance. All insurance proceeds shall be paid to SAMLARC to be used for the benefit of Owners, mortgagees and others as their respective interests shall appear. In the event any portion of the insurance proceeds were paid to a mortgagee, an amount equal to the amount paid to such mortgagee shall be paid to the Board by the Affected Owners. In the event any Affected Owner fails to pay such amount within thirty (30) days of a written demand therefor by SAMLARC, the Board

may levy a Special Assessment against such Owner and his Residence for such amount.

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

(d) Compliance with Plans and Specifications. Any reconstruction undertaken pursuant to this Article shall substantially conform to the original plans and specifications unless other action is approved by Eligible Mortgage Holders or Owners as required in the Section entitled "Vote of Eligible Mortgage Holders and Owners" of the Article entitled "Mortgagee Protection" of this Declaration.

Section 12.05 - Determination of Allocable Proceeds. The amount of insurance proceeds "allocated" or "allocable" to an Affected Common Facility shall be determined pursuant to this Section as follows:

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

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

Section 12.06 - Distribution of Insurance Proceeds. In the event there has been a decision not to repair, replace or reconstruct any partially or totally destroyed Insured Improvements, the Board shall retain the insurance proceeds allocated to each Affected Common Facility in the general funds of SAMLARC subject to the prior rights of all mortgagees holding mortgages encumbering the particular Affected Common Facility for which such insurance proceeds have been allocated.

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

Section 12.07 - Payment of Mortgagees. Any insurance proceeds paid to a mortgagee pursuant to this Article shall be paid in the amount required by such mortgagee, but not to exceed (i) the outstanding indebtedness secured by said mortgage, or (ii) the insurance proceeds allocated to such Affected Common Facility as hereinabove provided in this Article, whichever of (i) or (ii) is the lesser.

Section 12.08 - Requirements of Federal Agencies. Notwithstanding the foregoing Sections of this Article, so long as any First Mortgage is held, guaranteed or insured by any of the Federal Agencies, any partially or totally destroyed improvements will be replaced or restored substantially to their condition prior to the destruction unless there has also been compliance with the requirements of the Article entitled "Mortgagee Protection" of this Declaration.

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ARTICLE XIII

EMINENT DOMAIN

Section 13.01 - Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain, or by sale under threat thereof, of all or part of the Community Property.

Section 13.02 - Representation by Board in Condemnation Proceedings. In the event of a taking, the Members hereby appoint the Board and such persons as the Board may delegate to represent all of the Members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

Section 13.03 - Award for Community Property. Any awards received on account of the taking of Community Property shall be paid to SAMLARC and shall be retained in the general funds of SAMLARC subject to the prior rights of any mortgagee holding an encumbrance upon any Community Property for which such award has been paid.

Section 13.04 - Inverse Condemnation Proceedings. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

Section 13.05 - Notice of Condemnation Proceedings. In the event that any Community Property and any improvements thereto or any portion thereof is made the subject of any condemnation proceedings in eminent domain or is otherwise sought to be acquired by a condemning authority, the Board shall promptly notify all Owners and any Requesting Mortgagee, Insurer or Guarantor affected by such taking or threatened taking. As used herein, "taking" shall mean as defined in the subsection entitled "Destruction or Taking" of the Article entitled "Mortgagee Protection" of this Declaration.

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ARTICLE XIV

PARTY WALLS

Section 14.01 - Definition of Party Wall. Each wall or fence which is placed on the dividing line between two Lots (defined to exclude Community Property) shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. A party wall shall be considered to adjoin and abut against the property line dividing the Lots from the bottom of the foundation over the full length and height of any wall.

Section 14.02 - Use of Party Wall. Owners whose Residences are separated by a party wall shall equally have the right to use such party wall, except that each shall have the right to the exclusive use of the surface of the wall on his side. Neither such Owner shall use any portion of such party wall so as to interfere with the use and enjoyment of the other Owner.

Section 14.03 - Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 14.04 - Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 14.05 - Right to Contribution Runs With Land. The right of an Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 14.06 - Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, said dispute shall be resolved in accordance with the provisions of subsections (b) and (c) of the Section entitled "Enforcement" of the Article entitled "General Provisions" of this Declaration.

## ARTICLE XV

ANNEXATIONS

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

Section 15.01 - Development of the Covered Property.

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

Section 15.02 - Annexation Without Approval and Pursuant to the General Plan.

(a) Definitions: The following terms used in this Section are defined to mean as follows:

(i) "Budget" shall mean the "Reserves Worksheet" of SAMLARC's budget as approved by the Department of Real Estate of the State of California in effect for SAMLARC as of the First Closing.

(ii) "Covered Improvements" with respect to any month during a Developer Rental Program shall mean all Improvements in the Annexed Property which are included in the Budget, except those Recreational Facilities which are not installed and available for use by tenants at the beginning of such month.

(iii) "Developer Rental Program" shall mean a rental program involving Residences in the Annexed Property which has been in effect for a period of at

least one (1) year as of the First Closing. Any such Developer Rental Program shall be deemed to commence on the effective date of the first rental agreement covering a Residence in the Annexed Property and terminate on the date on which Assessments commence for Residences in the Annexed Property. Short term occupancy agreements which permit a purchaser to take possession of a Residence prior to the close of escrow between Developer and such purchaser shall not be considered a part of a Developer Rental Program.

(iv) "First Closing" shall mean the date of the first close of an escrow covering the sale of a Residence within the Annexed Property.

(v) "Recreational Facilities" shall mean any swimming pools, spas, tennis courts and any other recreational facilities in the Annexed Property which are separately itemized in the Budget.

(b) Conditions of Annexation. All or any part of the Annexation Property may be annexed to and become subject to this Declaration and subject to the jurisdiction of SAMLARC without the approval, assent or vote of SAMLARC or its Members, provided that:

(i) no proposed annexation will result in an overburdening of the common interests of the then existing Owners;

(ii) no proposed annexation will cause a substantial increase in Assessments against existing Owners which was not disclosed in Final Subdivision Public Reports under which pre-existing Owners purchased their interests;

(iii) the annexation of a new Phase must be effected prior to the fifth (5th) anniversary of the issuance of the original Final Subdivision Public Report for the immediately preceding Phase; and

(iv) for each Residence in the Annexed Property, Declarant shall pay to SAMLARC, prior to or concurrently with the First Closing, an amount for each month or portion thereof during which such Residence was occupied under a Developer Rental Program equal to the pro rata portion of the aggregate monthly per unit reserve amount shown on the Budget attributable to all Covered Improvements for that month.



(v) Prior to annexation pursuant to this Section of any Phase of the Development that is being developed as a phased FHA and/or VA project, plans for the development of the additional property must be submitted to FHA and/or the VA as applicable, and FHA and/or VA as applicable, must determine that such plans are in accordance with the previously approved general plan and so advise Declarant.

(vi) Each Supplementary Declaration effecting the annexation contemplated under this Section must be executed by Company and the Participating Builder, if any, who owns the Annexed Property described in the Supplementary Declaration.

All improvements annexed pursuant to this Section shall be consistent with the initial improvements in terms of quality of construction.

Section 15.03 - Annexation Pursuant to Approval. Upon approval in writing of SAMLARC, pursuant to the vote or written assent of sixty-seven percent (67%) of (i) each class of membership or (ii) the total voting power of SAMLARC as well as the vote or written assent of the same percentage of the total voting power of Members other than the Declarant as set forth in the Section entitled "Voting Requirements for Special Actions" of the Article entitled "Membership Voting Rights" of this Declaration, any person who desires to add real property other than the Annexation Property to the plan of this Declaration and to subject such property to the jurisdiction of SAMLARC, may file or record a Supplementary Declaration. The provisions of this Section shall also apply to the Annexation Property subsequent to the expiration of the power of Declarant to annex such property without the approval of the Members as provided in this Article. The certificate of the President and the Secretary of SAMLARC, or any other officer or officers authorized by resolution of the Board, attached to any Supplementary Declaration recorded pursuant to this Section certifying that the required voting power of SAMLARC has approved the recordation of such Supplementary Declaration shall be deemed conclusive proof thereof.

Section 15.04 - Effectuation of Annexation. Upon the satisfaction of all of the conditions contained in either the Section entitled "Annexation Without Approval and Pursuant to the General Plan" or "Annexation Pursuant to Approval" of this Article, the recordation of a Supplementary Declaration shall constitute and effectuate the annexation of the real property described therein.

making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of SAMLARC, and thereafter said annexed real property shall be part of the Covered Property and all of the Owners of Residences in said annexed real property shall automatically be Members. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration or by any prior Supplementary Declaration with respect to property covered by this Declaration at the time of the recording of the said Supplementary Declaration.

Section 15.05 - Mergers or Consolidations. Upon a merger or consolidation of SAMLARC with another nonprofit mutual benefit corporation which merger or consolidation must be approved by the vote or written assent of sixty-seven percent (67%) of (i) each class of membership or (ii) the total voting power of SAMLARC as well as the vote or written assent of the same percentage of the total voting power of Members other than the Declarant as set forth in the Section entitled "Voting Requirements for Special Actions" of the Article entitled "Membership Voting Rights" of this Declaration. SAMLARC's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated nonprofit mutual benefit corporation, or, alternatively, the properties, rights and obligations of another nonprofit mutual benefit corporation, may, by operation of law, be added to the properties, rights and obligations of SAMLARC as a surviving corporation pursuant to a merger. The surviving or consolidated nonprofit mutual benefit corporation, may administer the covenants, conditions and restrictions established by this Declaration within the Covered Property, together with the covenants, conditions and restrictions established upon any other property as one plan.

Section 15.06 - De-Annexation. It is the intention of Company to insure that sales of Residences or the rental of Apartment Units by Company or any of its Participating Builders shall not be inhibited because of the failure of or inability of any Participating Builder and/or its Mortgagees to join in or approve any amendment to the Declaration or any Supplementary Declaration or the failure or inability of any such Mortgagee to subordinate the lien of its Mortgage to the Declaration or a Supplementary Declaration. Therefore, if any such consent or subordination is required and such Participating Builder and/or its Mortgagees are unable or unwilling to consent or subordinate as aforesaid, Company shall have the unilateral right to de-annex such Phase of the Covered

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Property from the Declaration as long as there has been no prior rental of an Apartment Unit or conveyance of a Residence that requires the delivery of a Final Subdivision Public Report within such Phase.

## ARTICLE XVI

MORTGAGEE PROTECTION

Section 16.01 - Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions, nor the enforcement of any lien provisions contained in this Declaration, shall affect, impair, defeat or render invalid the lien or charge of any First Mortgage made in good faith and for value encumbering any Residence, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Residence.

Section 16.02 - Curing Defaults. A Mortgagee, or the immediate transferee of such Mortgagee, who acquires title by judicial foreclosure, deed in lieu of foreclosure or trustee's sale shall not be obligated to cure any breach of the provisions of this Declaration which is noncurable or of a type which is not practical or feasible to cure. The determination of the Board made in good faith as to whether a breach is noncurable or not feasible to cure shall be final and binding on all Mortgagees.

Section 16.03 - Resale. It is intended that any loan to facilitate resale of any Residence after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other Mortgagees.

Section 16.04 - Vote of Eligible Mortgage Holders and Owners. Seventy-five percent (75%) written approval of the total voting power of Eligible Mortgage Holders and seventy-five percent (75%) of the voting power of SAMLARC is required to amend a material provision of the SAMLARC Management Documents shown under subsection (a) of this Section, and seventy-five percent (75%) written approval of the total voting power of Eligible Mortgage Holders and sixty-seven percent (67%) of the voting power of SAMLARC is required to take such other actions shown under subsection (b) of this Section.

(a) Material Amendment of SAMLARC Management Documents. A material provision in any of the SAMLARC Management Documents shall be defined as those provisions governing the following subjects:

- (1) Voting rights;

- (ii) Assessments, assessment liens, or subordination of such liens;
- (iii) Reserves for maintenance, repair and replacement of the Community Property;
- (iv) Responsibility for maintenance and repair of the Covered Property;
- (v) Right to use of the Community Property;
- (vi) Boundaries of any Residence;
- (vii) Convertibility of Residences into Community Property or of Community Property into Residences;
- (viii) Expansion or contraction of the Covered Property or the addition, annexation or withdrawal of property to or from the Covered Property;
- (ix) Insurance or fidelity bonds;
- (x) Leasing of Residences;
- (xi) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey such Owner's Residence; and
- (xii) Any provision, which by its terms, is for the express benefit of Mortgagees or insurers or guarantors.

An amendment or addition shall not be considered material under this Section if it is for the purpose of correcting technical errors, or for clarification only. An Eligible Mortgage Holder who receives a written request to approve additions or amendments which are not considered material who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

(b) Actions and Decisions.

- (i) Effectuate any decision to assume self-management of the Covered Property when professional management had been previously required by an Eligible Mortgage Holder;
- (ii) Restoration or repair of the Covered Property (after a hazard damage or partial

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condemnation) in a manner other than that specified in the SAMLARC Management Documents;

(iii) Termination of the legal status of the Development for any reason, including without limitation, the substantial destruction or condemnation of the Covered Property;

(iv) By any act or omission, abandon, partition, sell, alienate, subdivide, release, transfer, hypothecate or otherwise encumber the Community Property; provided, however, the granting of easements for public utilities or other public purposes consistent with the intended use of the Community Property shall not require such approval;

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

(vi) Use hazard insurance proceeds for losses to any Community Property, for other than repair, replacement or reconstruction;

(vii) Fail to maintain fire and extended coverage insurance on the Community Property and the improvements thereto in an amount less than one hundred percent (100%) of the insurable value based on current replacement cost;

(viii) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Residences, the exterior maintenance of Residences, the maintenance of the Community Property including, without limitation, the party walks or common fences and driveways, or the upkeep of lawns and plantings.

Section 16.05 - Rights of Requesting Mortgagees, Insurers and Guarantors. A Requesting Mortgagee, Insurer or Guarantor shall be entitled to timely written notice of:

(a) Destruction or Taking. destruction, taking or threatened taking of any Community Property and any improvements thereto or any portion thereof affecting the Mortgage held, insured or guaranteed by such Requesting Mortgagee, Insurer or Guarantor. As used in this Declaration, "damaged" or "taking" shall mean damage to or taking of the Community Property exceeding Ten Thousand Dollars (\$10,000). If requested in writing by such

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Requesting Mortgagee, or Insurer or Guarantor, SAMLARC shall evidence its obligations under this subsection in a written agreement in favor of such Requesting Mortgagee or Insurer or Guarantor;

(b) Default in Performance. default in the performance of the obligations imposed by this Declaration by the Owner whose Residence is encumbered by a Mortgage held, insured or guaranteed by such Requesting Mortgagee or Insurer or Guarantor which default remains uncured for a period of sixty (60) days;

(c) Lapse, Cancellation or Modification of Insurance. any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by SAMLARC; and

(d) Action Requiring Consent. any proposed action which under the Declaration or the Bylaws requires the consent of a specified percentage of the voting power of Eligible Mortgage Holders.

Section 16.06 - Mortgagees Furnishing Information. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage.

Section 16.07 - Right of First Refusal. Except to impose reasonable limitations that restrict occupancy to persons of particular age groups, this Declaration cannot be amended to provide for any right of first refusal in SAMLARC. In the event this Declaration provides or is amended to provide for any right of first refusal to purchase or lease a Residence in SAMLARC, such right of first refusal shall not impair the right of a First Mortgagee to (a) foreclose or take title to a Residence pursuant to the remedies provided in its Mortgage; or (b) accept a deed (or assignment) in lieu of foreclosure in the event of default under the Mortgage, or (c) sell or lease a Residence acquired by the said Mortgagee. In addition, conveyances to and from mortgage insurers and guarantors shall be exempt.

Section 16.08 - Conflicts. In the event of any conflict between any of the provisions of this Article and any of the other provisions of this Declaration, the provisions of this Article shall control.

Section 16.09 - Priority of Mortgagee. Nothing in the Declaration, Articles or Bylaws shall give an Owner, or any other party, priority over the rights of a First Mortgagee in the case of a distribution to such Owner of

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insurance proceeds or condemnation awards for losses to or a taking of any Community Property.

Section 16.10 - Payment of Taxes or Premiums. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Community Property unless such taxes or charges are separately assessed against the Owners, in which case the rights of Mortgagees shall be governed by the provisions of their Mortgages. Mortgagees may, jointly or singly, also pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Community Property. Mortgagees making payments pursuant to this Section shall be owed immediate reimbursement therefor from SAMLARC. Entitlement to such reimbursement shall be reflected in an agreement in favor of any Mortgagee which requests the same to be executed by SAMLARC.



## ARTICLE XVII

ENFORCEMENT OF BONDED OBLIGATIONS

In the event that the improvements to the Community Property have not been completed prior to the issuance of a Final Subdivision Public Report covering the Covered Property, and SAMLARC is obligee under a bond or other arrangement (the "Bond") to secure performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

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

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

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

## ARTICLE XVIII

APARTMENT LOT OWNERSHIP

Section 18.01 - Delegation of Vote. An Apartment Lot Owner, in its sole discretion, may from time to time delegate its vote to the tenants within any of its Apartment Buildings provided that such Apartment Lot Owner shall notify the Delegate representing such Apartment Lot Owner's Delegate District in writing of such delegation and provided further that the total number of the votes allocated to such tenants does not exceed the total number of votes allocated to such Apartment Building.

Section 18.02 - Delegation of Use The Apartment Lot Owner may delegate its right of enjoyment in and to the Community Property to tenants of its Apartment Units and such tenants may further delegate such rights of enjoyment to the members of their families and guests (subject to such rules and regulations pertaining to guests as are applied to other Members).

Section 18.03 - Subdivision and/or Conversion to Condominium. An Apartment Lot Owner shall have the right to subdivide an Apartment Lot into two or more Lots and/or to convert its Apartment Lot or Lots into a condominium project pursuant to Section 1350 et seq. of the California Civil Code or any successor statute thereof. Effective upon the recording of a tract or parcel map effecting a subdivision of an Apartment Lot and presentation of such recorded tract or parcel map to the Board, each Lot shown on such tract or parcel map shall be an Apartment Lot. Effective upon the conveyance of the first Condominium within any such condominium project, and presentation of evidence of such recording to the Board, each Condominium in such condominium project shall be a Residence as defined in this Declaration. Upon either of the foregoing events, the Owner or Owners of any such Apartment Lot or Residence shall have the voting rights and the obligation to pay Assessments allocated in the manner prescribed for the calculation of voting rights and Assessments in this Declaration, except that the Board, in its sole discretion, may determine that the Assessments shall remain fixed for the remainder of the fiscal year in which the subdivision and/or the conversion to condominiums occurred with each Owner of such Apartment Lot or Condominium, as applicable, paying a pro rata portion of the Assessments allocated to the property affected by such subdivision or conversion.

## ARTICLE XIX

GENERAL PROVISIONSSection 19.01 - Enforcement.

(a) SAMLARC, Company (as long as any Declarant is an Owner or has any right to annex any Annexation Property without the approval of the membership) or any Owner shall have the right of action against any Owner and any Owner shall have a right of action against SAMLARC to enforce by proceedings at law or in equity, all restrictions, conditions, covenants and reservations now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation except that Owners shall not have any right of enforcement with respect to Assessment liens. SAMLARC or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the Articles or Bylaws and any amendments thereto. With respect to architectural control and SAMLARC Rules, SAMLARC shall have the exclusive right to the enforcement thereof unless SAMLARC refuses or is unable to effectuate such enforcement, in which case any Owner who otherwise has standing shall have the right to undertake such enforcement.

(b) Any controversy, dispute, or claim whatsoever between SAMLARC and Declarant arising out of, in connection with, or in relation to the interpretation, performance or breach of any of the provisions of this Declaration, including without limitation the validity, scope and enforceability of this general reference provision, shall be determined, at the request of either party, by a general reference conducted by a judge pro tem appointed pursuant to the provisions of California Code of Civil Procedure Section 638(1) et seq. who shall be a retired judge of the Superior Court of the State of California. It is intended this general reference provision to be specifically enforceable in accordance with said Section 638(1). If the parties cannot agree upon a referee, one shall be appointed by the Presiding Judge of the Orange County Superior Court from among that court's list of retired judges of the Superior Court.

(c) Any controversy, dispute, or claim whatsoever between SAMLARC and any Owner other than Declarant arising out of, in connection with, or in relation to the interpretation, performance or breach of any of the

provisions of this Declaration, including without limitation the validity, scope and enforceability of this arbitration provision, shall be settled, at the request of either party, by arbitration conducted in the County in accordance with the then existing rules for commercial arbitration of the American Arbitration Association, and judgment upon any award rendered by the arbitrator may be entered by any State or Federal Court having jurisdiction thereof. Such matters shall be submitted to one (1) arbitrator who shall be a retired judge of the Superior Court of the State of California. If the parties cannot agree upon an arbitrator, one shall be appointed by the Presiding Judge of the Orange County Superior Court from among that court's list of retired judges of the Superior Court. It is intended that this arbitration provision be valid and enforceable.

(d) Either or both of the two preceding subsections regarding general reference and/or arbitration may be terminated, and shall be of no further force nor effect with respect only to controversies, disputes, or claims which arise after such termination, if within ninety (90) days after a majority of the members of the Board have been elected for the first time by Members other than Declarant, such termination is approved by (a) a majority of the Board, and (b) a majority vote of the Members other than Declarant. Notwithstanding the provisions of the Articles hereof entitled "Amendment Provisions" and "Mortgagee Protection", an amendment to this Declaration with respect to such termination may be recorded without the approval of any other persons, including without limitation the Declarant or Eligible Mortgage Holders, if such amendment is recorded with a certificate of the President and Secretary attached thereto certifying that the approval of the Board and of the Members other than Declarant required by this subsection has been obtained within the time period specified herein.

Section 19.02 - No Waiver. Failure by SAMLARC or by any Member to enforce any covenant, condition, restriction or reservation herein contained, or the Articles, Bylaws or SAMLARC Rules, in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition, restriction and reservation.

Section 19.03 - Cumulative Remedies. All rights, options and remedies of Declarant, SAMLARC, the Owners, Delegates or Mortgagees under this Declaration are cumulative, and no one of them shall be exclusive of any other, and Declarant, SAMLARC, the Owners, Delegates and the

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Mortgagees shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

Section 19.04 - Severability. Invalidation of any one or a portion of these covenants, conditions, restrictions or reservations by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 19.05 - Covenants to Run with the Land; Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by SAMLARC, Company (as long as any Declarant is an Owner or has any right to annex any Annexation Property without the approval of the membership) or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by not less than sixty-seven percent (67%) of the then Owners and not less than seventy-five (75%) of the Eligible Mortgage Holders has been recorded at least one (1) year prior to the end of any such period, agreeing to terminate said covenants, conditions and restrictions in whole or in part.

Section 19.06 - Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential community or tract and for the maintenance of the Covered Property. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 19.07 - Singular Includes Plural. Whenever the context of this Declaration requires the same, the singular shall include the plural and the masculine shall include the feminine and the neuter.

Section 19.08 - Nuisance. The result of every act or omission where any provision, condition, restriction, covenant, easement, or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a private nuisance, shall be applicable against every such result,

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and may be exercised by SAMLARC or any Member. Such remedy shall be deemed cumulative and not exclusive.

Section 19.09 - Attorneys' Fees. In the event action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto reasonable attorneys' fees and costs of such suit as determined by the court or by arbitration as part of the judgment.

Section 19.10 - Notices. Any notice to be given to a Delegate, an Owner, SAMLARC, an Eligible Mortgage Holder or a Requesting Mortgagee, or Insurer or Guarantor under the provisions of this Declaration shall be in writing and may be delivered as follows:

(a) Notice to a Delegate or an Owner shall be deemed to have been properly delivered when personally delivered or delivered to a common carrier for personal delivery to the addressee, or delivered to a person giving such notice by electronic means, or when deposited in the United States mail, first class, postage prepaid and directed to the most recent address furnished by such Owner or Delegate in writing to SAMLARC for the purpose of giving notice. If no such address shall have been furnished, notice to a Delegate elected by Declarants may be sent to the Company and notice to any Owner or other Delegate may be sent to the street address of the Residence owned by such Owner or Delegate. In the case of co-Owners any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivery on all such co-Owners.

(b) Notice to SAMLARC shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished by SAMLARC or the address of its principal place of business.

(c) Notice to an Eligible Mortgage Holder or Requesting Mortgagee or Insurer or Guarantor shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished to SAMLARC by such Eligible Mortgage Holder or Requesting Mortgagee or Insurer or Guarantor for the purposes of notice.

The affidavit of an officer or authorized agent of SAMLARC declaring under penalty of perjury that a notice has been mailed to any Delegate, Owner or Owners, to any Mortgagee or Mortgagees, to any insurer or guarantor or to all

Members or all Delegates or all Mortgagees, or all insurers or all guarantors to the address or addresses shown on the records of SAMLARC, shall be deemed conclusive proof of such mailing, whether or not such notices are actually received.

Section 19.11 - Conflicts Between SAMLARC Management Documents. In the event of a conflict between any provisions of any of the SAMLARC Management Documents with the provisions of another SAMLARC Management Document, the provisions of the Controlling Document named below in the first column shall be deemed to supersede the provisions of the Subordinate Document or Documents named below in the second column to the extent of any such conflict.

<u>CONTROLLING DOCUMENTS</u>	<u>SUBORDINATE DOCUMENTS</u>
(a) Articles	Declaration, Bylaws, Architectural Standards and SAMLARC Rules
(b) Declaration	Bylaws, Architectural Standards and SAMLARC Rules
(c) Bylaws	Architectural Standards and SAMLARC Rules
(d) Architectural Standards	SAMLARC Rules

Section 19.12 - Conflicts Between SAMLARC Management Documents and Subordinate Maintenance Corporation Documents. In the event of any conflict between the SAMLARC Management Documents and any provisions of the articles of incorporation, bylaws, Subordinate Declaration, architectural standards and any rules and regulations of a Subordinate Maintenance Corporation, the SAMLARC Management Documents shall be deemed to supersede such other documents of the Subordinate Maintenance Corporation to the extent of such conflict.

Section 19.13 - Effect of Declaration. This Declaration is made for the purposes set forth in the Recitals to this Declaration and Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

Section 19.14 - Personal Covenant. To the extent the acceptance or conveyance of a Residence creates a personal covenant between the Owner of such Residence and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from or after the date when a person or entity ceases to be an Owner except to the extent this Declaration may provide otherwise with respect to the payment of money to SAMLARC.

Section 19.15 - Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, and other committees of SAMLARC or any member of such Board or committee shall be liable to any Member or SAMLARC for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 19.16 - Construction By Declarant. Nothing in this Declaration shall limit the right of Declarant to alter the Community Property or the Residences still owned by Declarant, or to construct such additional Improvements as Declarant deems advisable prior to completion of Improvements upon and sale of the entire Development. Such right shall include but shall not be limited to erecting, constructing and maintaining on the Covered Property such structures and displays as may be reasonably necessary for the conduct of the business of completing the work and disposing of the same by sale, lease or otherwise. Declarant shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such activities of Declarant within a reasonable time after the occurrence of such damage or need for restoration. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchase from Declarant to establish on the Covered Property additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Development. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant under this Declaration may be assigned in whole or in part to any successor or successors by an express assignment incorporated in a recorded instrument including but not limited to a deed, lease, option agreement, land sale contract or assignment as the case may be, transferring such interest to such successor. Declarant



shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Members' rights to use and enjoy the Covered Property.

Declarant's rights under this Section shall terminate upon the later of (i) the expiration of twelve (12) years from the date on which this Declaration is recorded, or (ii) the fifth (5th) anniversary of the issuance of the original Final Subdivision Public Report for the most recent Phase of the Development; provided, however, that in no event shall Declarant's rights hereunder terminate prior to the exoneration of any Bond in favor of SAMLARC described in the Article entitled "Enforcement of Bonded Obligations" of this Declaration.

Section 19.17 - Inapplicability to Government Property.

The provisions of this Declaration shall not be applicable to any portion of the Covered Property owned by a governmental entity, authority or agency and held for a public purpose unless expressly agreed to by any such entity, authority or agency, but shall apply to any Residence owned by such governmental entity, authority or agency.

Section 19.18 - Termination of Status of Covered

Property. The SAMLARC shall have no right to abandon or terminate the maintenance of the Community Property, or any part thereof, by SAMLARC, except as expressly set forth in this Declaration.

Section 19.19 - FHA and/or VA Approval. So long as there is a Class B membership, the approval of FHA and VA is required for the following: amendments to the Declaration, mergers or consolidations of SAMLARC with another nonprofit mutual benefit corporation and dedications or mortgaging of Community Property and the annexation and de-annexation of additional properties of a phased FHA and/or VA project, and the levy of Capital Improvement Assessments upon Owners of an FHA and/or VA project.

## ARTICLE XX

AMENDMENT PROVISIONS

Section 20.01 - Vote of Association. Subject to the other provisions of this Declaration, including, without limitation, the rights of Mortgagees, and of FHA and/or VA as provided in the Articles entitled "Mortgagee Protection," and the Section entitled "FHA and/or VA Approval" of the Article entitled "General Provisions" of this Declaration, this Declaration may be amended as follows:

(a) As long as all or the covered property under the Declaration is owned by Declarant and no Apartment Units have been rented, the Declaration may be cancelled or amended as to such Covered Property by a writing executed by Company and such Declarant. As long as a Declarant who is not an Apartment Lot Owner continues to own all of the Annexed Property covered by a Supplementary Declaration, the Supplementary Declaration may be cancelled or amended as to all or any portion of such Annexed Property by a writing executed by Company and such Declarant. Until such time as an Apartment Lot Owner has rented or leased an Apartment Unit within an Apartment Lot which comprises all or any portion of the Annexed Property covered by a Supplementary Declaration, such Supplementary Declaration may be cancelled or amended as to all or any portion of such Annexed Property by a writing executed by Company and such Apartment Lot Owner. All such cancellations or amendments must be recorded in the Official Records of the County. Except as hereinafter provided, after a Class A Membership has been established under the Declaration and/or an Apartment Unit has been rented or leased as aforesaid, any amendments shall require (i) the vote or written assent of not less than seventy-five percent (75%) of the voting power of each class of Members, or (ii) not less than seventy-five percent (75%) of the total voting power of SAMLARC and not less than seventy-five percent (75%) of the votes of Members other than Declarant as set forth in the Section entitled "Voting Requirements for Special Actions" of the Article entitled "Membership Voting Rights" of this Declaration. Notwithstanding the above, as long as any Declarant is an Owner or has the right to annex any portion of the Annexation Property without the approval of the membership, any amendment must also have the written approval of Company, and any material amendment must have the vote or approval of the voting power of SAMLARC and Eligible Mortgage Holders, as prescribed in the Section entitled "Vote of Eligible

Mortgage Holders and Owners" of the Article entitled "Mortgagee Protection" of this Declaration.

(b) An amendment or modification that requires the vote and written assent of the Members as hereinabove provided shall be effective when executed by the President and Secretary of SAMLARC, or any other officer or officers authorized by resolution of the Board, who shall certify that the amendment or modification has been approved as hereinabove provided, and when recorded in the Official Records of the County. The notarized signatures of the Members shall not be required to effectuate an Amendment of this Declaration.

(c) Notwithstanding the foregoing, any provision of the SAMLARC Management Documents which expressly requires the approval of a specified percentage of the voting power of SAMLARC for action to be taken under said provision can be amended only with the affirmative vote or written assent of not less than the same percentage of the voting power of SAMLARC.

(d) Notwithstanding the foregoing provisions of this Section, this Declaration may be unilaterally amended by Company without the consent of any Participating Builders or Mortgagees of Mortgages encumbering any portion of the Covered Property for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, as long as such amendment has been approved by the Department of Real Estate of the State of California. Similarly, any Supplementary Declaration executed by Company and a Participating Builder may be unilaterally amended by Company, without the consent of such Participating Builder or any Mortgagee holding a Mortgage encumbering the Annexed Property described in such Supplementary Declaration, for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies as long as such amendment has been approved by the Department of Real Estate of the State of California. Any such amendment shall become effective upon the recordation of an instrument duly executed by Company reflecting the change. Certification by Company within such recorded amendment that the amendment was required by a Federal Agency and has been approved by the Department of Real Estate of the State of California shall be deemed to satisfy the foregoing requirements.

Section 20.02 - Compliance with Applicable Law. Nothing in this Article shall excuse compliance with any applicable statutory or regulatory requirement, including without limitation Section 11018.7 of the California

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Business and Professions Code or any similar statute hereinafter enacted.

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

RANCHO SANTA MARGARITA JOINT  
VENTURE, a California General  
Partnership

By: Santa Margarita Realty  
Company, a California  
corporation, a General Partner

By: Stephen C. Schrank  
Stephen C. Schrank, Sr. Vice President

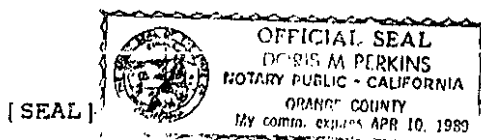
By: Donald E. Moe  
Donald E. Moe, Vice President

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On April 22, 1986, before me, the  
undersigned, a Notary Public in and for said State,  
personally appeared Stephen C. Schrank  
and Donald E. Moe

personally known to me or proved to me on the basis of  
satisfactory evidence to be the person(s) who executed  
the within instrument as, Senior Vice President and  
Vice President ~~XXXXXXXXXX~~, respectively, on behalf of the  
corporation therein named that executed the within  
instrument on behalf of RANCHO SANTA MARGARITA JOINT  
VENTURE, the partnership that executed the within  
instrument, and acknowledged to me that such corporation  
executed the same as such partner and that such  
partnership executed the same.

WITNESS my hand and official seal.

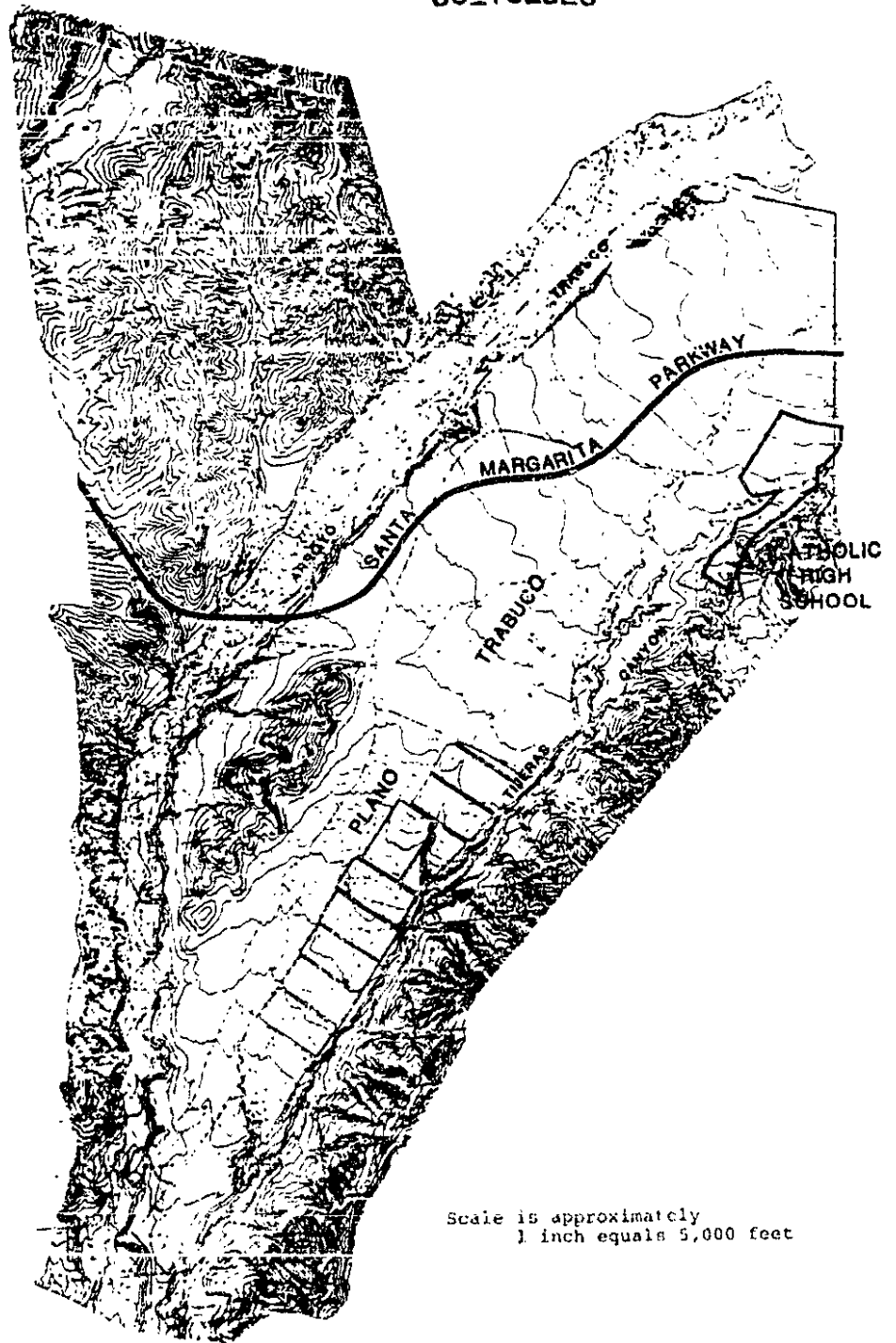


Doris M. Perkins  
Notary Public in and for  
said State

3/16/86  
WPN: 0615V-0616V

103

86-162928



Scale is approximately  
1 inch equals 5,000 feet

ANNEXATION PROPERTY

EXHIBIT A

86-162928

EXHIBIT B

COMMUNITY PROPERTY OTHER THAN TRAILS

Community Property, if any, described in those  
Supplementary Declarations recorded by Declarants and  
described under Paragraph II of the preamble of this  
document.

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EXHIBIT C

TRAILS IN THE COVERED PROPERTY

Trails within the Covered Property as of the recordation of this Declaration shall be as such Trails are identified on the Supplementary Declarations recorded by Declarants and Apartment Lot Owners described in Paragraph II and III of the preamble of this document.

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EXHIBIT D  
DISCLOSURE NOTICE

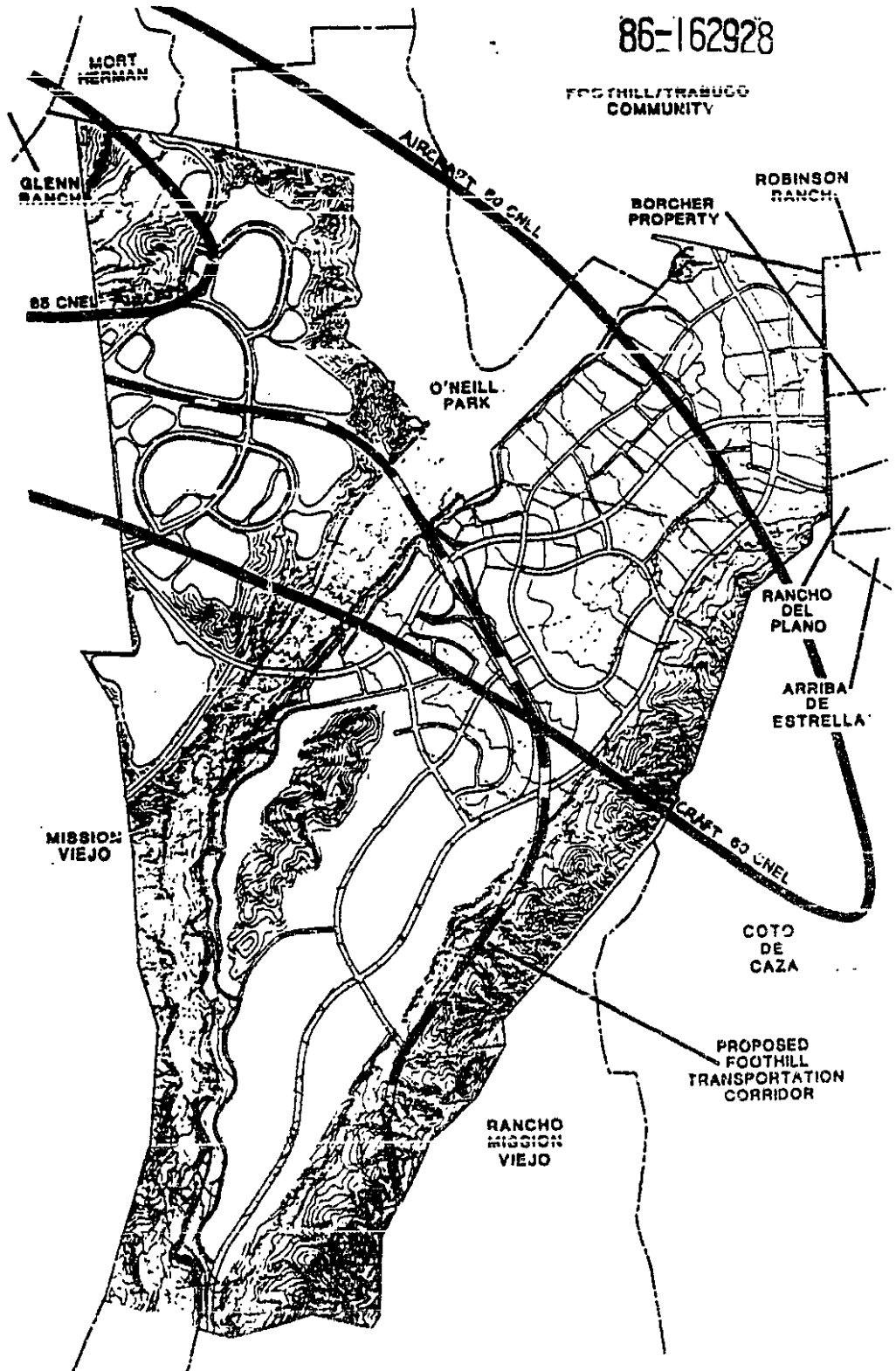
The attached map depicts the potential areas of impact within the overall project. Possible impact may occur due to adjacent developed areas, O'Neill Regional Park and open space; transportation systems including the proposed Foothill Transportation Corridor; and the 60 CNEL and 65 CNEL noise contours from both overflight and arterial highways.

The areas shown as developed on this map are typical of the land uses which are possible under the current project plan. The land uses and impacts are subject to change as more specific planning takes place, various governmental and public agency approvals are obtained and economic conditions change.

Prospective purchasers may be subject to overflight, sight and sound of aircraft operations from El Toro Marine Corps Air Station. Flight operation to the Air Station may create significant aircraft environmental impacts affecting the prospective purchasers, tenants and occupants.



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DISCLOSURE NOTICE

EXHIBIT D

86-162928

EXHIBIT E

MAINTENANCE OF LOT PERIMETER WALLS AND TRAIL FENCES

Maintenance of Lot Perimeter Walls and Trail Fences as of the recordation of this Declaration shall be as such obligation may be identified on the Supplementary Declarations recorded by Declarants and Apartment Lot Owners described in Paragraphs II and III of the preamble of this Declaration.

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EXHIBIT F

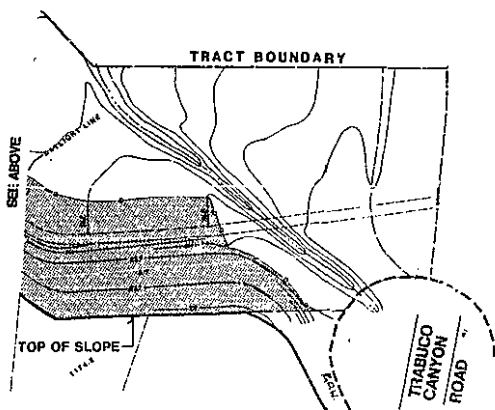
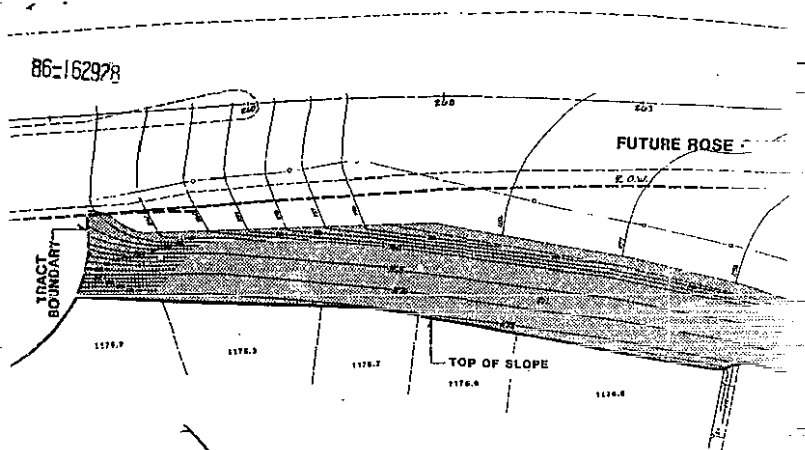
ANY SUCH EXHIBITS SHALL BE ADDED TO A SUPPLEMENTARY DECLARATION  
ANNEXING ADDITIONAL PROPERTY TO THIS DECLARATION.

86-162928

EXHIBIT G

ANY SUCH EXHIBIT SHALL BE ADDED TO A SUPPLEMENTARY DECLARATION  
ANNEXING ADDITIONAL PROPERTY TO THIS DECLARATION.

86-162978



~~FUTURE ROSE CANYON ROAD~~

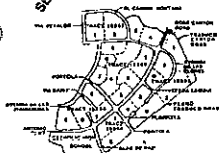
**Law:**

2174.3

1674.8

2514.2

SEE BELOW



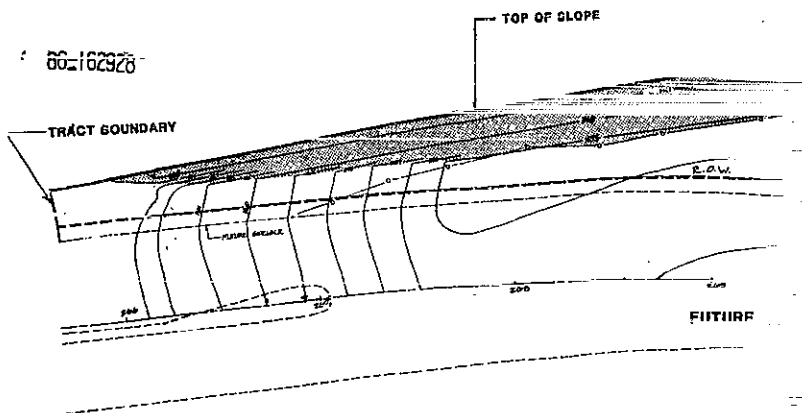
**NOT TO BE CALLED** 

TRACT 12263

LOT A  
EXHIBIT H.  
LANDSCAPE AREAS MAINTAINED  
BY SAMLARC

TRABUCO  
CANYON  
ROAD

86-162928



— **THE** **NEW** **YORK** **LIBRARY**

**DAYLIGHT LINE**

**FUTURE ROSE CANYON ROAD**

**LOT A**

**LANDSCAPE AREAS MAINTAINED  
BY SAMLARC**



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EXHIBIT I

VILLAGE ENTRY SIGNS AND MONUMENTS MAINTAINED BY SAMLARC

The maintenance obligation of SAMLARC as of the recordation of this Declaration shall be as such obligation may be identified on any Supplementary Declarations recorded by Declarants and Apartment Lot Owners described in Paragraphs II and III of the preamble of this Declaration.

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EXHIBIT J

TRAILS ON ADJACENT PROPERTY MAINTAINED BY SAMLARC

The Trails on adjacent property to be maintained by SAMLARC as of the recordation of this Declaration shall be as such Trails are identified on any Supplementary Declarations recorded by Declarants and Apartment Lot Owners described in Paragraph II and III of the preamble of this Declaration.

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 1 of Tract No. 12263 as per map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED

4/4/86

THE FIELDSTONE CORPORATION, a  
California corporation

By

[Signature] Vice Pres

By

[Signature]  
Asst. Secy

86-162928

STATE OF CALIFORNIA

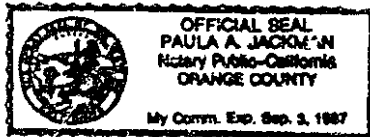
COUNTY OF ORANGE

)  
) ss.  
)

On April 4, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared D. R. Langlois and

S. Middleton, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Asst. Secre.on behalf o. the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



[Seal]

*Paula A. Jackson*  
Notary Public in and for  
said State

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER


The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

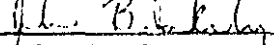
Lot 2 of Tract No. 12263 as per map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED April 4, 1986

STANDARD-PACIFIC CORP., a  
Delaware corporation

By   
Stephen J. Scarborough, Vice President

By   
John Blakely, Asst. Secretary

86-162928

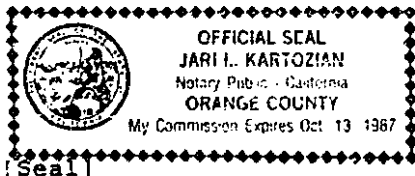
STATE OF CALIFORNIA

COUNTY OF ORANGE

)  
) ss.  
)

On April 4, 1986, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Stephen J. Scarborough & John Biakely, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Asst. Secretary on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



[Signature]  
Notary Public in and for  
said State

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 3 of Tract No. 12263 as per map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County

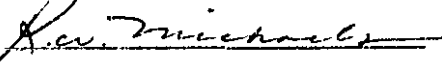
and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED April 9, 1986

AKINS DEVELOPMENT COMPANY -  
SANTA MARGARITA, a California  
General Partnership

By: Akins Development Company,  
a California corporation,  
General Partner

By 

By 

BL INVESTORS, a California  
General Partnership,  
General Partners

By: Barclay Associates, Inc.,  
a California corporation,  
General Partner

By 

By \_\_\_\_\_

86-162928

STATE OF CALIFORNIA    )  
                              ) ss.  
COUNTY OF ORANGE     )

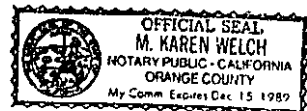
On April 9, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Bruce K. Akins and R. W. Michaels, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as Executive VicePresident, and Secretary, on behalf of Akins Development Company, the corporation therein named, and acknowledged to me that said corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors, said corporation being known to me to be one of the partners of Akins Development Company - Santa Margarita, the partnership that executed the within instrument, and acknowledged to me that such corporation executed same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Signature

M. Karen Welch

(Seal)





86-162928

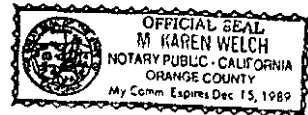
STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF ORANGE )

On April 8, 1986, before me, the under-  
signed, a Notary Public in and for said State, personally  
appeared Richard Barclay and \_\_\_\_\_,  
personally known to me (or proved to me on the basis of  
satisfactory evidence) to be the person(s) who executed  
the within instrument as \_\_\_\_\_ President, and  
\_\_\_\_\_ Secretary, on behalf of BARCLAY  
ASSOCIATES, the corporation therein named, and that  
said corporation that executed the within instrument is a  
general partner of BL INVESTORS, a California general  
partnership, known to me to be one of the partners of  
Akins Development Company - Santa Margarita,  
the partnership that executed the within instrument, and  
acknowledged to me that such partnership executed same  
as such partner and that such partnership executed the  
same.

WITNESS my hand and official seal.

M. Karen Welch  
Signature

(Seal)



86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 4 of Tract No. 12263 as per map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED April 7, 1986

JOHN LAING HOMES, INC., a  
California corporation

By [Signature]

By [Signature]

86-162928

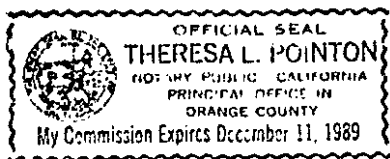
STATE OF CALIFORNIA

COUNTY OF ORANGE

)  
) ss.  
)

On April 7, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Timothy P. Haggis and Dorance B. Baker, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as President & Asst. Secretary on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



[Seal]

Theresa L. Pointon  
Notary Public in and for  
said State

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 5 of Tract No. 12263 as per map filed in Book 546, Pages 5 to 14 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED

4-10-86

THE WILLIAM LYON COMPANY, a  
California corporation

By

By

ASST. SECRETARY

86-162928

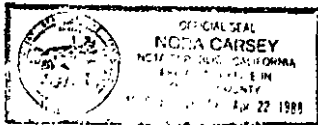
STATE OF CALIFORNIA

COUNTY OF ORANGE

) ss.  
)

On April 11, 1986, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared BRIAN V. NOCKAITIS, ~~EDWARD S. ROBINSON~~, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice Pres & Asst Secy on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



[Seal]

Nora Carsey  
Notary Public in and for  
said State

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 1 of Tract No. 12265 as per map filed in Book 546, Pages 19 to 25 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED

11-10-86

THE WILLIAM LYON COMPANY, a  
California corporation

By

Brian J. [Signature]  
VICE PRESIDENT

By

[Signature]  
ASST. SECRETARY

86-162928

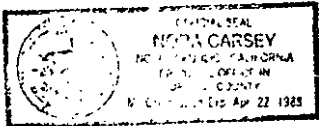
STATE OF CALIFORNIA

COUNTY OF ORANGE

)  
) ss.  
)

On 4-10-86, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared BRIAN V. NORKARTS ~~+~~ RIEHLER S. ROBINSON, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice Pres & Asst Secy on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



Nora Carsey  
Notary Public in and for  
said State

[Seal]

GOVERNMENT CODE 27361.7

I certify under the penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary: Nora Carsey

Date Commission Expires: April 22, 1988

County where bond is filed: Orange

Place of Execution: Santa Ana, California Date: 4-24-86

Steve L. Ball

Signature (firm name, if any)  
FIRST AMERICAN TITLE INSURANCE COMPANY

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 3 of Tract No. 12265 as per map filed in Book 546, Pages 19 to 25 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED April 8, 1986

WITTENBERG-LIVINGSTON, INC.  
a California corporation

By 

By \_\_\_\_\_



86-162928

STATE OF CALIFORNIA

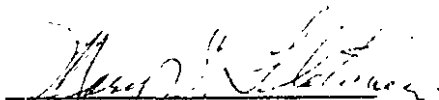
COUNTY OF ORANGE

)  
) ss.  
)

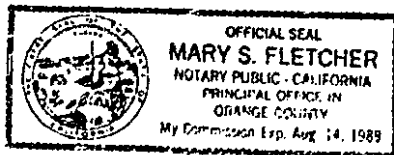
On April 8, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared Eric A. Wittenberg

Eric A. Wittenberg, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as President on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Notary Public in and for  
said State

[Seal]



86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 4 of Tract No. 12265 as per map, filed in Book 546, Pages 19 to 25 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED 4/7/86

THE FIELDSTONE CORPORATION,  
a California corporation

By *[Signature]*

By *[Signature]*  
*Asst. Secy*

86-162928

STATE OF CALIFORNIA

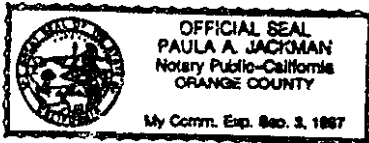
COUNTY OF ORANGE

)  
) ss.  
)

On April 4, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared D. R. Langlois and

S. Middleton, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Assis. Secretary on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



[Seal]

*Paula A. Jackman*  
Notary Public in and for  
said State

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 1 of Tract No. 12266 as per map filed in Book 547, Pages 41 to 50 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED 4-

MACCO PACIFIC, a California  
General Partnership

By: Macco Properties, Inc., a  
California corporation, a  
General Partner

By 

By \_\_\_\_\_

86-162928

STATE OF CALIFORNIA

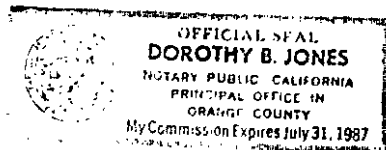
COUNTY OF ORANGE

)  
) ss.  
)

On 1/11/87, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared MACCO PACIFIC, INC.

MACCO PACIFIC, INC., personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as, MACCO PACIFIC, INC. President and MACCO PACIFIC, INC. Secretary, respectively, on behalf of the corporation therein named that executed the within instrument on behalf of MACCO PACIFIC, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.



[Seal]

Dorothy B. Jones  
Notary Public in and for  
said State

DOROTHY B. JONES

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the covered property in the County of Orange, State of California described as:

Lot 2 of Tract No. 12266 as per map filed in Book 547, Pages 41 to 50 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED APRIL 9, 1986

BAYWOOD HOMES-SANTA MARGARITA, a California General Partnership

By: Baywood Development Group, Inc., a California corporation, a General Partner

By W.R. Watt pres.  
<W.R. WATT, PRESIDENT>

By: Watt Industries, Inc., a California corporation, a General Partner

By Robert Lee  
<ROBERT LEE, VICE PRES>

86-162928

STATE OF CALIFORNIA

COUNTY OF ORANGE

)  
) ss.  
)

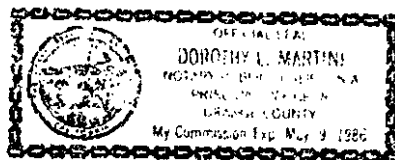
On APRIL 9, 1986, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared WILLIAM R. WAT

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as, PRESIDENT

Non behalf of the corporation therein named that executed the within instrument on behalf of BAYWOOD HOMES - SANTA MARGARITA, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

[Seal]



Dorothy L. Martini  
Notary Public in and for  
said State

STATE OF CALIFORNIA

COUNTY OF ORANGE

)  
) ss.  
)

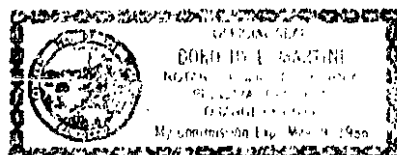
On APRIL 16, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Robert L. C.

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as, VICE PRESIDENT

Non behalf of the corporation therein named that executed the within instrument on behalf of BAYWOOD HOMES - SANTA MARGARITA, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

[Seal]



Dorothy L. Martini  
Notary Public in and for  
said State

## CONSENT AND AGREEMENT

## BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 5 of Tract No. 12266 as per map filed in Book 547, Pages 41 to 50 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED April 4, 1986

CENTURY AMERICAN CORPORATION,  
a California corporation

By [Signature]

By [Signature]



86-162928

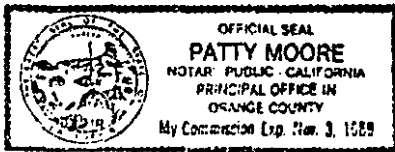
STATE OF CALIFORNIA

COUNTY OF ORANGE

) ss.  
)

On April 4, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared ROGER C. HOBBS AND BARRY A. COTTE, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as PRESIDENT AND SECRETARY on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of directors.

WITNESS my hand and official seal.



[Seal]

[Signature]  
Notary Public in and for  
said State

GOVERNMENT CODE 27361.7

I certify under the penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary: Patty Moore

Date Commission Expires: November 3, 1989

County where bond is filed: Orange

Place of Execution: Santa Ana, California Date: 4-24-86

[Signature]  
Signature (firm name, if any)  
FIRST AMERICAN TITLE INSURANCE COMPANY

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 1 of Tract No. 12267 as per map filed in Book 547, Pages 34 to 40 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED April 4, 1986

STANDARD-PACIFIC CORPORATION,  
a Delaware corporation

By Stephen J. Scarborough  
Stephen J. Scarborough, Vice President

By John Blakely  
John Blakely, Asst. Secretary

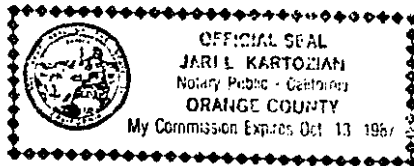
86-162928

STATE OF CALIFORNIA

COUNTY OF ORANGE

On April 4, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Stephen J. Scarborough & John Blakely, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Asst. Secretary on beha<sup>l</sup> of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



[Seal]

Notary Public in and for  
said State

86-162928

CONSENT AND AGREEMENT

BY PARTICIPATING BUILDER

The undersigned Participating Builder under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property in the County of Orange, State of California described as:

Lot 2 of Tract No. 12267 as per map filed in Book 547, Pages 34 to 40 inclusive, of Miscellaneous Maps, records of said County

and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Participating Builder further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED

4/4/86

THE FIELDSTONE CORPORATION,  
a California corporation

By

[Signature] Vice Pres.

By

[Signature] Asst. Secy.

86-162928

STATE OF CALIFORNIA

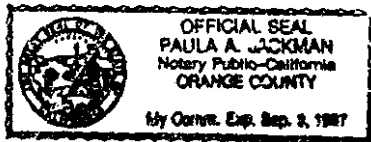
COUNTY OF ORANGE

)  
) ss.  
)

On April 4, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared D. R. Langlois and S. Middleton

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Asst. Secretary on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



{ Seal }

*Paula A. Jackman*  
Notary Public in and for  
said State

86-162928

CONSENT AND AGREEMENT  
BY APARTMENT LOT OWNER

The undersigned Apartment Lot Owner under the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions as of the date hereof is the fee owner of that portion of the Covered Property described as:

All of Tract No. 12264 as per map filed in Book 546, Pages 15 to 18 inclusive, of Miscellaneous Maps, records of said County

and hereby declares that no Apartment Unit has been rented or leased as of the date hereof and hereby consents to and joins in the amendment of the Declaration of Covenants, Conditions and Restrictions recorded on October 28, 1985, as Instrument No. 85-413883, of Official Records of said County as provided in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions. The undersigned Apartment Lot Owner further consents to and joins in the amendment of the Supplementary Declaration of Covenants, Conditions and Restrictions covering the property described above to provide that such property shall hereafter be conveyed, rented or leased subject to the covenants, conditions, restrictions, reservations, liens and charges as set forth in said Supplementary Declaration and as set forth in the foregoing Amended and Restated Declaration of Covenants, Conditions and Restrictions.

DATED 4-11-86

SMV PARTNERS, a California  
General Partnership,

By: Western National Partners VI,  
a California General  
Partnership,

By: Western National Properties,  
a California corporation

By 

By 

86-162928

STATE OF CALIFORNIA

COUNTY OF ORANGE

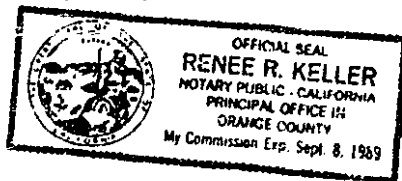
)  
) ss.  
)

On APRIL 11, 1986<sup>R.C.</sup> before me, the undersigned, a Notary Public in and for said State, personally appeared JERRY E. STONE AND MICHAEL R. HAYDE personally known to me or proved to me on the basis of satisfactory evidence to be ~~the~~ person(s) who executed the within instrument as, PARTNER AND VICE PRESIDENT on behalf of the corporation therein named that executed the within instrument on behalf of WESTERN NATIONAL PARTNERS VI, the partnership that executed the within instrument on behalf of SMV PARTNERS, the partnership, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as a partner of the partnership that executed the same as the partner of the last named partnership, and that such last named partnership executed the same.

WITNESS my hand and official seal.

Renee R. Keller  
Notary Public in and for  
said State

[Seal]



86-162928

SUBORDINATION

The undersigned, beneficiary under those certain deeds of trust encumbering all or a portion of the real property described within as the Covered Property, which deeds of trust were recorded in the Official Records of the County as indicated below, hereby consents to the within Declaration and hereby subordinates the lien of said deeds of trust to the provisions of the Declaration.

<u>Recorded On</u>	<u>Instrument No.</u>
1/12263 November 15, 1985	85-443957
2/12263 November 15, 1985	85-443656
3/12263 November 18, 1985	85-463672
4/12263 November 15, 1985	85-444214
5/12263 November 22, 1985	85-472197
1/12264 October 31, 1985	85-421627
1/12265 November 22, 1985	85-472202
3/12265 November 15, 1985	85-444082
4/12265 November 15, 1985	85-443952
1/12266 December 30, 1985	85-521803
2/12266 November 26, 1985	85-476583
5/12266 December 2, 1985	85-483037
1/12267 December 2, 1985	85-483025
2/12267 December 2, 1985	85-483030

RANCHO SANTA MARGARITA JOINT  
VENTURE, a California General  
Partnership

By: Santa Margarita Realty  
Company, a California  
corporation, a General Partner

By: Stephen C. Schrank  
Stephen C. Schrank, Sr. Vice President

By: Donald E. Moe  
Donald E. Moe, Vice President



86-162928

STATE OF CALIFORNIA

)  
) ss.  
)

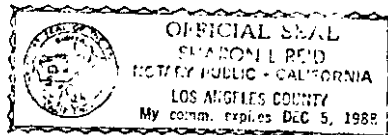
COUNTY OF ORANGE

On April 22, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Stephen C. Schrank and Donald E. Moe

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as, Senior Vice President and Vice President ~~XXXXXXXXXX~~, respectively, on behalf of the corporation therein named that executed the within instrument on behalf of RANCHO SANTA MARGARITA JOINT VENTURE, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

[Seal]



*Sharon L. Reid*  
Notary Public in and for  
said State

86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 1 of said Tract 122634 which deed of trust is recorded on November 15, 1985 as Instrument No. 85-443955 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any Supplementary Declaration annexing additional property to the Declaration.

UNION BANK, a California  
corporation

By Helen M. Adams  
By M. B. [Signature]

STATE OF California

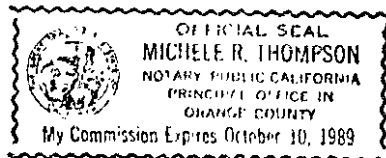
COUNTY OF Orange

)  
) ss.  
)

On April 7, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Helen M. Adams and Robert Steel

personally known to me or proved to me on the basis of  
satisfactory evidence to be the person(s) who executed  
the within instrument as Vice President & Loan Officer on  
behalf of the corporation that executed the within  
instrument and acknowledged to me that said corporation  
executed the within instrument pursuant to its Bylaws or  
a resolution of its board of directors.

WITNESS my hand and official seal.



Michele R. Thompson  
Notary Public in and for  
said State

86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 5 of said Tract 122631 which deed of trust is recorded on November 22, 1985 as Instrument No. 85-472203 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration. any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any Supplementary Declaration annexing additional property to the Declaration.

UNION BANK, a California  
corporation

By Kurt W. Karuashaar, VICE PRESIDENT

By [Signature]  
LOAN OFFICER

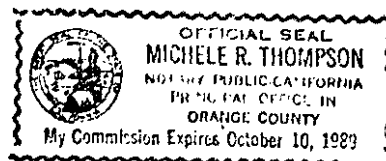
STATE OF California )  
 ) ss.  
COUNTY OF Orange )

On April 17, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Kurt W. Karuashaar & Robert A. Steel

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Loan Officer on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

[Seal]



[Signature]  
Notary Public in and for  
said State

86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 1 of said Tract 12265A which deed of trust is recorded on November 22, 1985 as Instrument No. 85-472203 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any supplementary Declaration annexing additional property to the Declaration.

UNION BANK, a California  
corporation

By Kurt W. Kraushaar, VICE PRESIDENT

By ASST. LOAN OFFICER

STATE OF California

COUNTY OF Orange

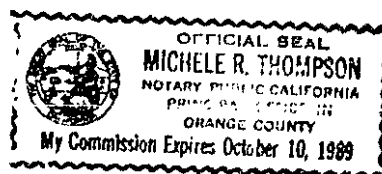
)  
) ss.  
)

On April 17, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared Kurt W. Kraushaar & Robert A. Steel

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Loan Officer on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

[Seal]



Michele R. Thompson  
Notary Public in and for  
said State

86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lots 1-93 of Tract No. 12430 which deed of trust is recorded on December 20, 1985 as Instrument No. 85-510825 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any Supplementary Declaration annexing additional property to the Declaration.

FIRST INTERSTATE BANK OF  
CALIFORNIA, a California  
corporation

By Gary R. Jackson, Vice President  
By Nancy Dressler, Asst. Secretary

STATE OF CALIFORNIA

)  
) ss.  
)

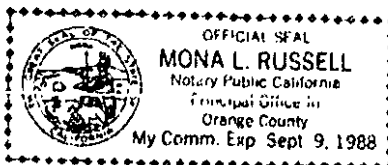
COUNTY OF ORANGE

On April 14, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Gary R. Jackson and Nancy Dressler

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President and Asst. Secretary on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

{Seal}



Mona L. Russell  
Notary Public in and for  
said State

86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 4 of said Tract 12269, which deed of trust is recorded on November 15, 1985 as Instrument No. 85-443950 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any Supplementary Declaration annexing additional property to the Declaration.

UNION BANK, a California corporation

By Helen M. Adams

By PS 304

STATE OF California

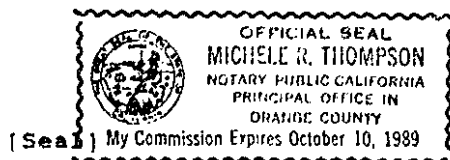
COUNTY OF Orange

)  
) ss.  
)

On April 7, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Helen M. Adams and Robert Steel

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Loan Officer on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



Michele R. Thompson  
Notary Public in and for  
said State

86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 1 of said Tract 12266, which deed of trust is recorded on December 30, 1985 as Instrument No. 85-521805 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any Supplementary Declaration annexing additional property to the Declaration.

UNION BANK, a California  
corporation

By

By

*[Signature]*

Kurt W. Kraushaar

VICE PRESIDENT

STATE OF California

COUNTY OF Orange

)  
) ss.  
)

On April 10, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared Kurt W. Kraushaar  
Robert Steel

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Loan Officer on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



*[Signature]*  
Notary Public in and for  
said State

86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 2 of said Tract 122666 which deed of trust is recorded on November 26, 1985 as Instrument No. 85-476572 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any supplementary Declaration annexing additional property to the Declaration.

WELLS FARGO BANK, a national  
association, a national  
banking association

By [Signature] - VP

By [Signature] - VP

STATE OF California

)

ss.

COUNTY OF Orange

)

On April 21, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared John H. Mulder and Ralph Mulder personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice Presidents and Past Presidents on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

Katherine Mulder  
Notary Public in and for  
said State

[Seal]





86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 5 of said Tract 12266, which deed of trust is recorded on December 2, 1985 as Instrument No. 85-483038 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any Supplementary Declaration annexing additional property to the Declaration.

FAR WEST SAVINGS AND LOAN  
ASSOCIATION, a California  
corporation

By David M. Strip  
By Wendy Heina

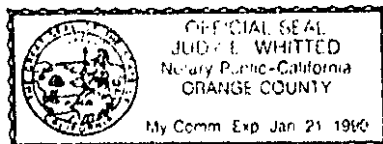
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On April 8, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared David M. Strip and Wendy Heina, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice-President & Vice President on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

Judy E. Whitted  
Notary Public in and for  
said State

[Seal]



86-162928

SUBORDINATION

The undersigned, beneficiary under that certain deed of trust encumbering Lot 2 of said Tract 12267, which deed of trust is recorded on December 2, 1985 as Instrument No. 85-483031 of Official Records of the County hereby consents to the within Declaration of Covenants, Conditions and Restrictions, and subordinates the lien of said deed of trust to the provisions of such Declaration, any amendment that may be required for the purpose of complying with any law, regulation or other requirement of any of the Federal Agencies, and to any Supplementary Declaration annexing additional property to the Declaration.

UNION BANK a California  
corporation

By *Helen M. Adams*  
By *Robert Steel* Vice President  
Loan Officer

STATE OF California

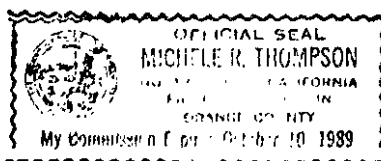
COUNTY OF Orange

)  
) ss.  
)

On April 8, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Helen M. Adams & Robert Steel

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as Vice President & Loan Officer on behalf of the corporation that executed the within instrument and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



*Michele R. Thompson*  
Notary Public in and for  
said State