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2019 AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
OAK HILLS ESTATES OWNERS ASSOCIATION

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**2005 AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR OAK
HILLS ESTATES OWNERS ASSOCIATION**

THIS 2005 AMENDED AND RESTATED DECLARATION OF RESTRICTIONS is made as of June 24, 2005 hereinafter written by Oak Hills Estates Owners Association, a California non-profit mutual benefit corporation ("Declarant"), with reference to the following Recitals.

RECITALS

- A. Declarant is a corporation that owns the Common Area Lots and whose Members are the Owners of all the residential Lots within that certain real property in the City of Calimesa, County of Riverside, State of California, more particularly described in Exhibit A, attached hereto and made a part hereof ("Covered Property").
- B. The Covered Property was developed as a Planned Development, as defined in Section 1251(k) of the California Civil Code, and consists of residential Lots as shown in Exhibit B.
- C. The Covered Property is currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth in the following documents:
 - 1. The "Road Maintenance Agreement" recorded December 29, 1982 as Instrument No. 225713;
 - 2. The "Declaration of Covenants, Conditions and Restrictions for Oak Hills Riverside County, California" recorded December 29, 1982 as Instrument No. 225714;
 - 3. The first amendment to "Declaration of Covenants, Conditions and Restrictions for Oak Hills Riverside County, California" recorded July 17, 1990 as Instrument No 263640;
 - 4. The second amendment to "Declaration of Covenants, Conditions and Restrictions for Oak Hills Riverside County, California" recorded as of June 24, 2005;

All Official Records of Riverside County, California, hereinafter referred to together as "Original Declaration," unless the context clearly indicates otherwise.

- D. Declarant now desires to amend and restate the Original Declaration and replace it in its entirety with this restated Declaration. Declarant further desires that, upon

recordation of this Restated Declaration, the Community shall be subject to its covenants, conditions, restrictions rights, reservations, easements, equitable servitudes, liens and charges contained herein, and that this restated Declaration, hereinafter referred to as "Declaration", unless the context clearly indicates otherwise, take the place and relate back in time to the Original Declaration.

- E. The Original Declaration, in Article XVI General Provisions, Section 5, provides that it may be amended by the affirmative vote of at least fifty-one percent (51%) of the total voting power of the Association. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the affirmative vote or written consent of at least the required percentage of the Association Members has been obtained.

NOW, THEREFORE, Declarant hereby declares that all of the Covered Property is and shall continue to be held, conveyed, assigned, hypothecated, encumbered, rented, leased, used, occupied and improved subject to the declarations, limitations, covenants, conditions, restrictions, reservations, rights, and easements set forth in this Declaration, as may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Covered Property. All provisions of this Declaration shall constitute covenants running with the land and enforceable equitable servitudes upon the Covered Property, and shall be binding on and for the benefit of all of the Covered Property and all parties having or acquiring any right, title, or interest in all or any part of the Covered Property, including the heirs, executors, administrators, and assigns of these parties and all subsequent Owners and Leasees of all or any part of a Lot.

I. DEFINITIONS

The following terms used in this Declaration are defined as follows:

Section 1. Architectural Committee.

The term "Architectural Committee" or "Committee" shall mean and refer to the Architectural Committee created pursuant to the Articles of this Declaration entitled "Architectural Control."

Section 2. Articles.

The term "Articles" shall mean and refer to the Articles of Incorporation of the Association, which are or shall be filed in the Office of the Secretary of State of California, as amended from time to time.

Section 3. Assessments.

The following definitions shall apply to the assessments described below:

(a) Regular Assessment shall mean the amount which is to be paid by each Owner to the Association for Common Expenses as provided by the terms of this Declaration.

(b) Special Assessment shall mean a charge against each Owner and his Lot, representing a portion of the cost to the Association for any common expenses over and above those budgeted for in determining the regular assessment or any other costs and expenses of the Association which the Association may from time to time authorize pursuant to the provisions of this Declaration.

(c) Reimbursement Assessment shall mean a charge against a particular Owner and his Lot for the purpose of reimbursing the Association for costs incurred in bringing the Owner and his Lot into compliance with the provisions of this Declaration, the Articles, Bylaws, or Association rules, or any other charge designated as a Reimbursement Assessment in this Declaration or Association rules, together with attorney's fees, monetary penalties, and other charges payable by such Owner, pursuant to the provisions of this Declaration.

Section 4. Association.

The term "Association" shall mean and refer to on OAK HILLS ESTATES OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 5. Association Property

The term "Association Property" shall mean and refer to any real property owned by the Association.

Section 6. Board of Directors.

The term "Board of Directors" or "Board" shall mean and refer to the duly elected Board of Directors of the Association.

Section 7. Bylaws.

The term "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

Section 8. Common Area.

The term "Common Area" shall mean all portions of the Project except the Lots and Residences located thereon, and shall include all common land, structures and facilities within the Project which are conveyed to the Association for the use and enjoyment of the Owners. The Common Area will specifically include private streets within the Project, concrete drainage structures, and the electric gate at the entrance to the Project, which includes the gate structure, walls, landscaping, electric lighting, signage, security cameras, and security access controls.

Section 9. Common Expenses.

The term "Common Expenses" shall mean and refer to the actual and estimated costs of:

- (a) maintenance, management, operation, repair and replacement of the Common Area, and all other areas on the Covered Property which are maintained by the Association;
- (b) unpaid Special and Reimbursement Assessments;
- (c) costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;
- (d) the costs of utilities, gardening and other services benefiting the Owners, their Lots and the Common Area to the extent such services are paid for by the Association and not separately and individually billed directly to Owners;
- (e) the costs of fire, casualty, liability, worker's compensation and other insurance covering the Common Area, the Project and the Association;
- (f) the costs of any other insurance obtained by the Association;
- (g) reasonable reserves as deemed appropriate by the Board;
- (h) the costs of bonding of the members of the Board, any professional managing agent or any other person handling the funds of the Association;
- (i) taxes paid by the Association;

(j) amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Area or portions thereof;

(k) costs incurred by the Board of Directors; and

(l) such other costs or expenses incurred by the Association in connection with the Common Area, this Declaration, the Articles or Bylaws or in furtherance of the purposes of the Association or in the discharge of any obligations imposed on the Association by this Declaration.

Section 10. County.

The term "County" shall mean and refer to Riverside County, California.

Section 11. City.

The term "City" shall mean and refer to the City of Calimesa, California.

Section 12. Covered Property.

The term "Covered Property" shall mean and refer to all of the real property described in Exhibit A attached hereto.

Section 13. Declarant.

The term "Declarant" shall mean and refer to the Association.

Section 14. Declaration.

The term "Declaration" shall mean this Declaration, i.e., this document.

Section 15. Governing Documents.

The term "Governing Documents" shall include this Declaration, the Association By-Laws, rules and regulations, Architectural Standards, and all other recorded documents as described in the Recitals.

Section 16. Improvements.

The term "Improvements" shall include buildings, outbuildings, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, hedges, windbreaks, plantings, trees and shrubs, poles, signs and all other structures and landscaping improvements of every type and kind.

Section 17. Institutional Holder.

The term "Institutional Holder" shall mean and refer to any beneficiary of a deed of trust or mortgagee of a mortgage which encumbers a Lot and which is a bank or savings and loan association or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 18. Lot.

The term "Lot" shall mean and refer to any plot of land or parcel shown on any recorded subdivision map of the Project, with the exception of the Common Area and shall include a Residence constructed upon such Lot. A Lot is a "separate interest" as defined in Section 1351(1)(3) of the Civil Code. Lots in the Project are shown in Exhibit B.

Section 19. Member.

The term "Member" shall mean and refer to each person entitled to membership in the Association as provided in this Declaration, the Articles and Bylaws.

Section 20. Mortgage.

The term "Mortgage" shall mean and refer to any duly recorded and valid mortgage or deed of trust encumbering a Lot.

Section 21. Owner.

The term "Owner" shall mean and refer to one or more persons or entities holding fee title as shown on the most recent deed for the Lot recorded in the office of the Riverside County Recorder and any contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 22. Owner Property.

The term "Owner Property" shall mean and refer to any real property owned by one or more Owners in the Association, as defined above.

Section 23. Owners of Property with Common Area Easements.

The term "Owners of Property with Common Area Easements" shall refer to one or more persons or entities holding fee, title or an equitable ownership interest in property that is utilized as a portion of the Common Area of the Association, whether or not they are a member of the Association.

Section 24. Project.

The term "Project" shall mean and refer to all of the Covered Property, including all of the Lots, the Common Area and all Improvements located upon the Covered Property.

Section 25. Residence.

The term "Residence" shall mean and refer to the residential improvements located upon a Lot consisting of a residential structure, including any enclosed yard, balconies, patio areas, garages, carports, barns, outbuildings, and/or other structures.

II. CREATION OF PLANNED DEVELOPMENT

Section 1. Division of Project.

As a Planned Development, the Project is divided as follows:

(a) Fifty-one (51) designated and legally described Lots, which are shown, defined and described on the recorded subdivision map for the Project (a lot diagram is provided in Exhibit B);

(b) The Common Area consisting of the remainder of the Project, excepting the Lots as shown on the subdivision map, and specifically including private streets, an electronic gate and related improvements.

Section 2. Interest in Common Area.

Ownership of a Lot also includes the right to use and enjoy all of the Common Areas within the Project. Each conveyance of a Lot, whether voluntary or involuntary, shall also convey the right to use and enjoy the Common Area even though the conveyance document may omit reference to the Common Area.

III. RIGHTS OF ENJOYMENT

Section 1. Members' Rights of Enjoyment.

Every Member of the Association shall have a nonexclusive easement for use and enjoyment of the Common Area, which shall be appurtenant to and pass with title to each Lot, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following:

(a) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area;

(b) The right of the Association, upon the vote or written assent of a majority of the voting power of the Members, to borrow money for the purpose of improving the Common Area and any Improvements thereon and (subject to the rights of Institutional Holders described in Article XIII) to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(c) Subject to the rights of Institutional Holders described in Article XIII, the right of the Association to dedicate, release, alienate, transfer or assign an interest in the Common Area to any public agency, authority, utility or other person for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, release, alienation, transfer or assignment shall be effective, unless the Board signs an instrument after obtaining the approval of a majority of the voting power of the Association agreeing to such dedication, release, alienation or transfer.

Section 2. Delegation of Use.

Any Member may delegate his right to the use and enjoyment of the Common Area to the members of his family, his guests or tenants who reside in his Residence, subject to rules and regulations adopted by the Association.

Section 3. Waiver of Use.

No Member may exempt himself from personal liability for assessments duly levied by the Association, or release his Lot from the liens, charges and other provisions of this Declaration, the Articles, Bylaws and Association rules, by waiver of the use and enjoyment of the Common Area or the abandonment of his Lot.

IV. USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the Project, each Lot and the Common Area is subject to the following:

Section 1. Permitted and Prohibited Uses.

The Lots and Residences may, except as otherwise provided herein, be used as permitted by the zoning ordinances of the County and City. The following operations and uses are specifically prohibited:

- (a) Commercial poultry uses;
- (b) Dairies and dairy purposes;
- (c) Commercial raising of pigs, sheep, goats or any other animal;
- (d) Commercial agriculture;
- (e) No noxious or offensive activity may be conducted on any Lot and no activity shall be undertaken on any Lot which constitutes an annoyance or nuisance to surrounding Owners;
- (f) Drilling for and/or the removal of water from any Lot except by a public water agency, except for specific agreements made with the public water company that has jurisdiction over these water rights, or restrictions and/or allowances specified in the property's deed of trust;
- (g) No privy shall be erected, maintained or used on any Lot. However, a temporary chemical toilet may be permitted during the course of construction on a Lot and will be promptly removed upon completion of such construction;
- (h) No mobile homes shall be erected, placed or used on any Lot within the Project. This does not include manufactured housing that meets the Architectural Standards and has been approved by the Architectural Committee;
- (i) No activity shall encumber the use of the Common Area, including road use by Owners;
- (j) No activity shall require changes or exemptions to existing zoning ordinances.

Section 2. Business or Commercial Activity.

Owner may operate a business within the Lot (hereinafter "home occupation") provided that the home occupation is specifically limited to the use of the Lot through means of telephone or reasonable mail as described below. Any activity conducted in compliance

with Owner's home occupation shall not be visible from the exterior of the residence, through any modification to the residence, or through the operation of any business activity. Conduct of the home occupation shall meet all applicable requirements of the County and City, and shall require approval of the Association. All home occupations shall comply with the rules and regulations in this Declaration, including the following:

- (a) There shall be no direct sales of products or merchandise;
- (b) There shall be no displays or inordinate amount of delivery of mail or merchandise;
- (c) There shall be no advertising (including in any telephone book) that identifies the home occupation by street address;
- (d) Pedestrian and vehicular traffic will be limited to that normally associated with residential districts;
- (e) The home occupation shall not involve the use of commercial vehicles for the delivery of materials to or from the premises beyond those normally associated with residential uses;
- (f) Any outdoor storage of materials or equipment shall follow the Architectural Standards and not be outwardly visible as anything other than normal residential use;
- (g) The appearance of the structure shall not be altered nor the occupation within the residence be conducted in a manner which would cause the premises to differ from the residential character, either by use of colors, materials, signs, lighting, sounds or vibrations;
- (h) No home occupation use shall create or cause noise, dust, vibration, odor, smoke, glare, or electrical interference or other hazards or nuisances; and
- (i) Activities conducted or equipment or materials used shall not change the fire safety or occupancy classifications of the premises.

Section 3. Maintenance of Lots and Residences.

Each Owner shall be responsible for the maintenance and appearance of his Lot and following its construction, the Residence thereon. Once a residence is constructed, owners shall assure that their Lots are properly landscaped and that all landscaping, including grass, trees, ornamental shrubs, and the like, is properly irrigated, trimmed and maintained. Lots and Residences shall be maintained in a neat, clean, orderly, safe, sanitary and attractive condition. It is understood, however, that given the rural nature of the Project, there is no intention or requirement that an Owner keep his entire Lot in a manicured condition. The Residence and adjacent landscaping shall, however, be well maintained as set forth above. Additional portions of a Lot which are not landscaped will nevertheless be maintained in a clean, orderly, safe, sanitary and attractive condition.

The following conditions are prohibited within the Project: dilapidated, deteriorating or unrepaired structures, including fences, roofs, doors, walls and windows; scrap lumber, junk, trash or debris; abandoned, discarded or unused objects or equipment such as automobiles, auto parts, furniture, stoves, refrigerators, cans, containers and the like; stagnant water or excavations; and any device, decoration, design, structure or vegetation which is unsightly by reason of its height, condition or inappropriate location.

All painting and alterations of the exterior surfaces of Residences shall be undertaken in conformance with the requirements of Article XII regarding Architectural Control. If a Residence is destroyed or damaged by fire or other casualty and the Owner elects not to rebuild, the Owner shall clear the Lot of all debris within a reasonable time. In the event that any Owner fails to maintain his Lot or Residence in accordance with the standards described in this Section, the Association shall have the right, but not the obligation, to undertake such maintenance and levy the expense thereof against the delinquent Owner as a Reimbursement Assessment.

Section 4. Weed Abatement.

Owners are responsible for clearing weeds and brush on all of their roadside property, from lot line to lot line, for a distance of at least 10 feet back from the roadside curb for the purposes of fire safety and to maintain the beauty of the neighborhood, where the hillside terrain permits.

The Association will inspect Lots for compliance on October 1, January 1, April 1, and July 1 each year, and may inspect more often if rainfall or heavy weed growth warrants additional inspections. If the Association decides that a Lot needs to have weeds or growth cleared to meet this requirement, the Association will make arrangements to have the weeds removed and the Owner will be responsible for the cost of this service.

Section 5. No Obstruction of Common Area.

There shall be no obstruction of the Common Area nor shall anything be stored in the Common Area without the prior written consent of the Association. Nothing shall be altered or constructed in or removed from the Common Area, except upon the prior written consent of the Board. No overnight parking (1:00 a.m. until 6:00 a.m.) is permitted within private streets.

Section 6. Motorcycle and Off-road Use.

Riding motorcycles, bicycles, horses, or using any other off-road transport on the private property of others is not permitted unless prior permission has been specifically granted to that individual by the property Owner. Off-roaders must respect the rights of enjoyment of other Owners in terms of noise, dust, and tracking of dirt onto the roadway.

Section 7. Signs.

No commercial sign, poster, billboard, or advertising device shall be displayed so as to be visible from the Common Area or outside any portion of the Project without the approval of the Architectural Committee, except such signs of customary and reasonable dimensions (e.g. "for sale" signs), not to exceed nine (9) square feet in size which may be displayed on or from a Lot, and do not adversely affect public safety, including traffic safety.

Section 8. Animals.

Animals may be kept and maintained upon any Lot in accordance with and as permitted by the zoning ordinances of the County and City, so long as they are not raised, bred, grazed, maintained or kept for sale, for commercial purposes or in unreasonable quantities. Domestic cats, dogs and birds may be kept as household pets on any Lot, provided that they are not kept, bred or raised thereon for commercial purposes or in unreasonable quantities. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal on any Lot in the Project which constitutes, in the opinion of the Board, a nuisance to other Owners within the Project. Animals belonging to Owners or their licensees, tenants or invitees within the Project must be either kept within an enclosure an enclosed yard or on a leash or bridle being held by a person capable of controlling the animal. Owners shall be liable to other Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by such Owner or by members of his family, his tenants or guests. It shall be the duty and responsibility of each Owner to clean up after his animals.

Section 9. Utilities.

Each Owner shall be obligated to pay any and all assessments for sewage, electricity, other utilities, taxes and other charges assessed individually against his Lot.

Section 10. Trash.

No rubbish, trash, garbage or other waste material shall be kept or permitted upon any portion of the Project, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise there from so as to render the Project, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity or to its occupants. Such containers shall be exposed to the view of neighboring Lots only when set out for a reasonable period of time (not to exceed twenty-four (24) hours in total) before and after scheduled trash collection hours.

Section 11. Rules of Association.

Each Owner, tenant or occupant of a Residence shall comply with the provisions of this Declaration, the Bylaws, decisions, rules and regulations of the Association or its duly authorized representatives which may from time to time be promulgated. Failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action to recover sums due, for damages, for injunctive relief, or for any other remedy permitted by law or by the terms of this Declaration.

Section 12. Conduct in Residences and Common Area.

The Common Area shall not be used for any purpose or in any manner which might cause it to be uninsurable against loss by fire or the perils of the extended coverage endorsement of the California Standard Fire Policy form, or cause any policy of insurance to be cancelled or suspended or the company issuing the same to refuse

renewal thereof. No Residence shall be used in such a manner as to obstruct or interfere with the enjoyment of occupants of other Residences or annoy them by unreasonable noises or otherwise, nor shall any nuisance be committed or permitted to occur in any Residence or upon the Common Area.

Section 13. Leasing of Residences.

No Owner shall lease his Residence for transient or hotel purposes or lease less than the entire Residence. The terms of any lease shall be in accordance with and subject in all respects to the provisions of this Declaration, the Bylaws and Association rules, and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases must be in writing. Any lease which is either for a period of less than thirty (30) days or pursuant to which the lessor provides any service normally associated with a hotel shall be deemed to be for transient or hotel purposes.

Section 14. Drainage.

No Owner will interfere with the natural drainage of water over his Lot to and from adjoining Lots within the Projects provided, however, that if it is necessary to change the natural flow of drainage, such changes will be undertaken only after approval of grading plans by the Architectural Committee and other appropriate governmental authorities.

V. MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership.

Every Owner shall automatically be a Member of the Association, and shall remain a Member thereof until his ownership ceases for any reason, at which time his membership in the Association shall also automatically cease. For each Lot there shall be on file with the Association an address of record for the Owner, if different from the Residence address, and a phone number in case of emergency, all of which shall be kept current by the Owner. Ownership of a Lot shall be the sole qualification for membership in the Associations provided, however, that a Member's voting rights or privileges to use the Common Area, or both, may be regulated or suspended as provided in this Declaration, the Bylaws or Association rules. All memberships shall be appurtenant to the Lot conveyed. A person or entity shall be deemed an Owner of a Lot only upon recordation of a deed, contract of sale or other document conveying the Lot to him.

Section 2. Transfer.

The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the conveyance or encumbrance of his Lot, and then only to the transferee or Mortgage holder of the Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event an owner fails or refuses to transfer the membership registered in his name to the transferee of his Lot, the Board may record the transfer upon the books of the Association. The Board shall have the right to impose a reasonable fee against any selling Owner equal to the cost to the Association of transferring the selling Owner's membership on the books of the Association.

Section 3. Voting of Memberships.

The Association shall have a single class of voting membership. Each Member shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Unless the Board receives a written objection from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for the Lot on a particular matter if the majority of the co-owners present, in person or by proxy, cannot agree on a vote.

VI. COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Covenant to Pay Assessments.

Each Owner of any Lot, by acceptance of a conveyance therefore (whether or not it is expressed in such conveyance) is deemed to covenant and agree to pay to the Associations (1) Regular Assessments or charges, (2) Special Assessments for capital improvements, and (3) Reimbursement Assessments, all such assessments to be established and collected as hereinafter provided. Each of these assessments, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such Lot at the time the assessment became due. The personal obligation for delinquent assessments shall not pass to such person's successors in interest unless expressly assumed by them.

Section 2. Purpose of Assessments.

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Project and for the improvement, operation and maintenance of the Common Area and the Project and the performance of the duties of the Association as set forth in this Declaration, the Articles and Bylaws.

Section 3. Regular Assessments.

The amount and time of payment of Regular Assessments against each Lot shall be determined by the Board, giving due consideration to the current maintenance costs and future needs of the Association. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the total Common Expenses to be incurred for the upcoming fiscal year, including a reasonable provision for contingencies, replacements, and reserves, with adjustments made for any expected income and surplus from the prior year's fund. The resulting amount shall constitute the amount of Regular Assessments to be paid by each Member. Written notice of the amount of the Regular Assessment for the year shall be sent to each Member, who shall thereafter pay the Regular Assessment to the Association in monthly installments unless some other period for collection is established by the Board. Failure of the Board to estimate the net charges within the time period stated herein shall not void any assessment imposed by the Board. Regular assessments for fractions of any month shall be prorated.

Section 4. Special Assessments .

In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement upon the Common Area and the Project, including fixtures and personal property related thereto, or any other action or undertaking on behalf of the Association, for the additional amount needed, subject to any limitations imposed by law or the Governing Documents.

Section 5. Limitations on Regular and Special Assessments.

Except in emergency situations, the Board may not, without the approval of members constituting a quorum of the Owners and casting a majority of the votes at a meeting or election of the Association conducted in accordance with the Corporations Code sections 7510-7527 and 7613, impose a regular assessment per Lot that is more than twenty percent (20%) over the Regular Assessments for the preceding fiscal year, or levy Special Assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for the current fiscal year. Notice and quorum for any meeting called to approve an increase in Regular or Special Assessments in excess of the percentage limitations described above shall be conducted in accordance with Sections 4 and 5 of Article IV of the Bylaws. For purposes of this Section, "quorum" means more than fifty percent (50%) of the Owners of the Association.

The percentage limitations for increases in Regular and Special Assessments described above will not limit assessment increases necessary for emergency situations. An "emergency situation" includes any one of the following:

- (a) An extraordinary expense required by an order of a court;
- (b) An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible where a threat to personal safety is discovered;
- (c) An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible which could not have been reasonably foreseen by the Board in preparing and distributing its pro forma budget of the Association as described in Article VII, Section 5 of the Bylaws. Prior to the imposition or collection of an assessment under this subparagraph (c), the Board shall adopt a resolution containing written findings regarding the necessity of the extraordinary expense and why such expense was not or could not have been reasonably foreseen in the budgeting process, which resolution will be distributed to the Members with the notice of such assessment.

Section 6. Reimbursement Assessments.

Subject to the limitations of the Governing Documents and in addition to the regular and special assessments, the Board may levy Reimbursement Assessments against Owners and Lots whenever the Association (a) performs any service or accomplishes any item of repair or maintenance which is the duty of an Owner to accomplish, but which has not been accomplished by such Owner, or (b) incurs any cost which by law or as required by the Governing Documents must be reimbursed by an Owner. Such reimbursement assessment shall include the cost thereof, together with any financing costs and administrative costs incurred by the Association. Prior to levying a reimbursement assessment, the Board shall provide the Owner with notice and an opportunity for a hearing in accordance with the Bylaws. The notice and opportunity for a hearing regarding the levy of a reimbursement assessment may be combined with the notice and opportunity for a hearing regarding any underlying violation. Duly levied reimbursement

assessments shall be subject to the provisions in the Governing Documents regarding costs, late charges,

Section 7. Uniform Rate of Assessment.

Regular and Special Assessments shall be fixed at a uniform rate for all Lots and shall be levied against each Owner according to the ratio of the number of Lots owned by the Owner to the total number of Lots subject to assessment.

Section 8. Due Date Of Regular Assessments.

The Regular Assessments described herein will be due and payable from each owner on such periodic basis as the Board may determine.

Section 9. Monetary Penalty Assessments.

The Board may levy, subject to the limitations of the Governing Documents, monetary penalties or fines against an Owner and his or her Lot. In the event the Board imposes a monetary penalty or fine, that fine shall be subject to costs, late charges, and interest as described in Article VI Section 11 for delinquent payment, and may become a lien on the Lot, collectible by the Association through judicial foreclosure as allowed by (Article VI Section 11) herein. In no event may the Association collect a monetary penalty or fine through non-judicial foreclosure.

Section 10. Lots Not Subject to Assessment.

Assessments which would normally become due on Lots, but which Lots are owned by the Association by virtue of the Association having acquired such Lots through foreclosure, shall be deemed to be common expenses collectible from all of the remaining Lots in the same proportion that each Lot bears to the others less the number of Lots owned by the Association.

Section 11. Costs, Late Charges and Interest.

Late charges may be levied against an Owner for the delinquent payment of assessments, including monetary penalty assessments. An assessment, including any installment payment, is delinquent fifteen days after its due date. If an assessment is delinquent, the Association may recover all of the following from the Owner:

1. Reasonable costs incurred in collecting the delinquent assessment, including actual attorneys' fees;
2. A late charge not exceeding ten percent (10%) of the delinquent assessment, or ten dollars (\$10.00), whichever is greater, or the maximum amount allowed by law;
3. Interest on the foregoing sums, at an annual percentage rate of twelve percent (12%) commencing thirty (30) days after the assessment becomes due.

No late charge may be imposed more than once for the delinquency of the same payment. However, the imposition of a late charge on any delinquent payment shall not

eliminate or supercede charges imposed on prior delinquent payments. The amounts delinquent, including the entire unpaid balance and any related costs described herein, may be collected by the Association as provided in Article VI Section 17 herein.

Section 12. Priority of Payments.

The Board, in its sole discretion, may enact policies, in compliance with applicable law, including Civil Code sections 1367 and 1367.1, regarding how payments received from Owners will be applied to any outstanding balances due the Association from that Owner.

Section 13. Certificate of Payment.

The Association shall, within ten (10) days after receipt of written request, furnish to any Member liable for assessments a certificate in writing signed by an Officer or authorized agent of the Association, stating (as of the date the statement is issued) whether assessments for a specific Lot have been paid and the amount of delinquency, if any, including penalties and attorneys' fees. A reasonable charge of the actual cost of preparing the certificate (as determined by the Board) may be collected for the issuance of such a certificate. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid as to all third parties relying thereon, but shall not relieve any Owner of liability for assessments not in fact paid.

Section 14. No Offsets.

All assessments shall be payable in the amount specified and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Declaration.

Section 15. Reserves.

Regular Assessments may include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or any portion of the Common Area that must be repaired or replaced on a periodic basis, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association.

Section 16. Pledge of Assessment Rights.

The Association shall have the power to pledge to exercise its assessment powers to obtain funds to repay a debt of the Associations provided, however, that any such pledge shall require the prior affirmative vote or written assent of not less than a majority of the Members at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with Special Meetings of Members. The Association may levy Special Assessments against the Members to obtain such funds. Upon the failure of any Member to pay such a Special Assessment when due, the Association may exercise all

of its rights, including, without limitation, the right to foreclose its lien, pursuant to the further provisions of this Declaration.

Section 17. Enforcement of Assessments and Late Charges.

A delinquent assessment, and any related late charges, reasonable costs of collection (including actual attorneys' fees), and interest in accordance with Article VI Section 11 herein, shall become a lien upon the Lot when a Notice of Assessment Lien is duly recorded as provided in section 1367 or section 1367.1 of the California Civil Code or applicable statute. Unless otherwise provided by statute, the Notice of Assessment Lien shall describe the amount of the delinquent assessment or installment, the related charges authorized by this Restated Declaration, the legal description of the Lot, the name of the purported Owner, and, if the lien is to be enforced by power of sale under nonjudicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice may be signed by and Officer or Director of the Association, or any employee or agent of the Association authorized to do so by the Board. The Notice shall be mailed in the manner set forth in Civil Code section 2942, to all record Owners of the Lot no later than ten (10) calendar days after recordation.

Unless otherwise allowed by statute, the Notice of Assessment Lien may not be recorded until after the Association has mailed, via certified mail, a written demand for payment to the delinquent Owner. The written demand shall comply with the requirements of Civil Code sections 1367, 1367.1, or applicable statute. If not paid in full within thirty (30) days after recordation of the Notice of Assessment Lien, any lien described herein may be enforced in any manner permitted by law, including judicial foreclosure or non-judicial foreclosure. Any non-judicial foreclosure shall be conducted by the trustee named in the notice or by a trustee substituted pursuant to section 2924(a) of the California Civil Code, in accordance with the provisions of sections 2924, 2924(b) and 2924(c) of the California Civil Code.

If all sums specified in the Notice of Assessment Lien are paid before the completion of any judicial or non-judicial foreclosure, the Association shall (i) record a notice of satisfaction and release of lien, and (ii) upon receipt of a written request by the Owner, shall also record a notice of rescission of any recorded notice of default and demand for sale.

The Notice of Assessment Lien is not required to be amended by the Association or Trustee to reflect any partial payments made on the account of the delinquent Owner after its recordation, and any such partial payments received shall not be construed to invalidate the Notice of Assessment Lien. The Notice of Assessment Lien may be foreclosed upon as set forth herein even though the delinquent Owner has made one or more partial payments.

Notwithstanding any other provision herein, a monetary penalty or fine may not become a lien on a Lot enforceable by the sale of the Lot through non-judicial foreclosure. Any notice of Assessment Lien recorded to enforce a monetary penalty or fine must specifically state that such lien may not be enforceable by sale of the Lot through non-

judicial foreclosure.

Section 18. Priority of Assessment Lien.

As set forth hereinbelow, the assessment lien referred to in Article VI Section 17 shall be superior to all other liens, except (i) all taxes, bonds, and governmental assessments which, by law, would be superior thereto, and (ii) the lien or charge of any First Mortgage of record. Notwithstanding any other provision to the contrary, the following provisions shall govern the priority and obligations for payment of the assessment lien:

- (a) Only the judicial and nonjudicial foreclosure of the First Mortgage shall operate to transfer title free of the assessment lien or obligation for any assessment lien, and then only as to payments which became due prior to the date of sale, and excluding those assessment liens recorded prior to the recording of the First Mortgage.
- (b) Neither the transfer of a Lot pursuant to the foreclosure of any Mortgage, nor an election by the Association to proceed against any new Owner for payment, shall serve to cancel the personal obligation of the prior Owner for payment of the delinquent assessments and charges which accrued during such Owner's period of ownership.
- (c) No sale or transfer of any Lot shall relieve such Lot or its new Owner from liability for any future assessments which accrue during the Owner's period of ownership.

VII. MANAGEMENT OF THE ASSOCIATION AND THE PROJECT

Section 1. General Powers of the Association.

All powers relating to the management, operation and maintenance of the Project and of the Common Area, shall be vested in the Association. The specific and primary purposes and powers of the Association are to provide architectural control of, manage and maintain the Project and the Common Area and to enforce the provisions of this Declaration, the Articles and Bylaws, and any other instruments relating to the management and control of the Association and the Project. The Association may do any and all other acts and things that a nonprofit mutual benefit corporation is empowered to do, which may be necessary, convenient or desirable in the administration of its affairs and in order to carry out the duties described in this Declaration, including those powers described in Section 374 of the California Code of Civil Procedure and (to the extent not inconsistent herewith) those powers described in Section 1350 et seq. of the California Civil Code, as those sections may be amended from time to time.

Whenever this Declaration or the Bylaws require or permit the approval, consent or action of the Association, such approval, consent or action shall be that of the Board of Directors, unless otherwise provided by this Declaration or the Bylaws. The Association, through its Board of Directors, also shall have the authority to delegate its powers to committees, Officers of the Association and its employees.

Section 2. Contracts of the Association.

The Association shall have the right and power to employ or engage a manager and other employees or agents and contract for such services, labor and materials as it may deem reasonably necessary to operate and maintain the Project, the Common Area and the improvements thereon and to discharge its other duties. Any agreement for professional management of the Association must provide for termination of such contract or agreement by either party with or without cause or payment of a termination fee on thirty (30) days or less written notice and for a minimum contract term not to exceed one (1) year.

Section 3. General Duties of Association.

In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere described herein, and without limiting the generality thereof, and subject to the limitations set forth in Sections 6 and 7 of this Article, the Association shall:

- (a) Maintain and otherwise manage all of the Common Area and all facilities, improvements, and landscaping within the Common Area;
- (b) Procure and maintain public liability and fire insurance with extended coverage on the Common Area as required by the terms of this Declaration. The

Association shall also have the authority to procure and maintain any other type of insurance which the Association determines is in the best interest of the Association and its Members;

(c) Obtain, for the benefit of the Common Area, all water and electric services;

(d) Pay taxes and assessments which are or could become a lien on the Common Area, or some portion thereof;

(e) Prepare budgets and financial statements for the Association and its Members as prescribed in the Bylaws;

(f) Initiate and pursue disciplinary proceedings against Members for violations of provisions of this Declaration, the Articles or Bylaws, in accordance with the procedures set forth in this Declaration;

(g) Subject to approval by a majority vote of Members, borrow money and incur indebtedness for the purposes of the Association and cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt and security.

Section 4. Maintenance of the Project.

The Association will maintain the Common Areas in a safe and sanitary condition so as to be usable and enjoyable by all Members of the Association at all times. Each Owner shall be responsible to repair and maintain his Lot and Residence and to keep such Lot and Residence in good and attractive condition at all times, as more particularly described in Section 2 of Article IV above. Should the activities of any Owner, family members, guests or invitees of such Owner result in damage to or destruction of any portion of the Common Area or any Common Area improvement, that Owner shall be held responsible for all costs associated with the repair or replacement of that portion of the Common Area, which expense may be enforced as a Reimbursement Assessment.

Section 5. Additional Restrictions on Power of the Board.

The Board shall be prohibited, without the prior vote or written consent of a majority of the voting power of the Association, from doing any of the following: (i) incurring aggregate expenditures for capital improvements to any portion of the Project in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or (ii) selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; (iii) paying compensation to Directors or Officers of the Association for services performed in the conduct of the Association's business; provided, however that the Board may cause a Director or Officer to be reimbursed for expenses incurred in carrying on the business of the Association; or (iv) filling a vacancy on the Board created by the removal of a Director by the Members.

Section 6. Limitation on Board Authority to Contract.

The Board shall not enter into any contracts for goods or services with a duration greater than one (1) year without the vote or written consent of a majority of the voting power of the Members, with the following exceptions: (i) a management contract, the terms which have been approved by the Federal Housing Administration or Veterans Administration; (ii) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; or (iii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy provides for short rate cancellation by the insured.

Section 7. Maintenance of Public Utilities.

Nothing contained herein shall require or obligate the Association to maintain, replace, or restore the facilities of public utilities which are located within the easements in the Common Area. However, the Association 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 8. Rights of Entry.

The Association, through its agents or employees, shall have a limited right of entry upon all Lots for the purpose of inspecting the Project and taking whatever corrective action may, after approval by a majority vote of the Board, be deemed necessary or proper by the Board, consistent with the provisions of this Declaration. This right of entry shall include the right to enter a Lot for purposes of construction, maintenance or repair for the benefit of the Common Area or the Owners in common.

Nothing in this Article shall in any manner limit the right of an Owner to the exclusive occupancy and control of his Lot. Entry onto a Lot by the Association for other than emergency repairs shall be made only after three (3) days notice has been given to the Owners and shall be made with as little inconvenience as possible to the Owner. Any damage caused thereby shall be repaired by the party causing such damage. In the case of an emergency, the right of the Association to enter upon a Lot shall be immediately provided. However, such entry shall be made with as little inconvenience as possible to the owner and any damage caused thereby shall be repaired by the party causing such damage. Nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property or portion of a Lot to be maintained or repaired by the Owner thereof. The Association shall not be liable for failing to exercise this right of entry during an emergency or otherwise.

Section 9. Association Rules.

The Association shall have the power to adopt, amend and repeal such rules and regulations as it deems reasonable which may include the establishment of a system of fines and penalties enforceable as a Reimbursement Assessment. The Association rules

shall govern matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area; provided, however, that the Association rules may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of such rules shall be delivered to each Owner. The Association rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received by them.

VIII. INSURANCE

Section 1. Obtaining Insurance.

The Association may obtain such insurance coverage for the Common Area as it may deem appropriate. The remainder of this Article and further references in this Declaration to insurance will apply only if and to the extent that such insurance coverage is obtained. The Association has no obligation to insure any Lot or the improvements on any Lot.

Section 2. Waiver of Claims Against Association.

As to any policies of insurance obtained and maintained by the Board, the Owners hereby waive and release all claims against the Association, the Board, only to the extent of the insurance proceeds available to the Owners, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by said persons.

Section 3. Notice of Expiration Requirements.

Any policies of Insurance obtained by the Association shall contain a provision that such policies shall not be cancelled or terminated, or expire by their terms without thirty (30) days prior written notice to the Association, Board, Owners and Institutional Holders (provided that such Owners and Institutional Holders have filed written requests with the carrier for such notice) and every other person with an interest who has requested such notice of the insurer.

Section 4. Insurance Premiums.

Premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board shall be a Common Expense to be included in the assessments levied by the Association and collected from the Owners. The proportion of such assessments necessary for the required insurance premiums shall be used solely for the payment of premiums of required insurance as such premiums become due.

Section 5. Trustee for Policies.

The Board shall be trustee of the interests of all the named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies shall be paid to the Board as trustee. The Board shall have full power to receive and to receipt for the proceeds and to disburse such proceeds as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in this Declaration. The Board shall have the authority to negotiate loss settlements with insurance carriers, with participation by Institutional Holders who so desire and have filed written requests under Section 3 of this Article. Any two (2) Officers

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

Section 6. Actions as Trustee.

Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to seventy-five percent (75%) of the Institutional Holders who have filed requests under Section 3 of this Article. Duplicate originals or certificates of all policies of fire and casualty insurance carried by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Institutional Holders who have requested the same in writing.

Section 7. Indemnification.

The Association shall obtain and maintain a policy or policies insuring the Association, its officers, directors, agents and employees, the Owners, the Owner's relatives, invitees, guests, employees and their agents, and the Owners of Property with Common Area Easements against any liability for bodily injury, death, and property damage arising from any activities of the Association and its members with respect to the Common Area.

Section 8. Failure to Acquire Insurance.

The Association, and its Directors and Officers, shall have no liability to any Owner or Lender if, after a good faith effort, it is unable to obtain any insurance required herein, because the insurance is no longer available, or if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Association members fail to approve any assessment increase needed to fund the insurance premiums. In such event, the Board immediately shall notify each Member and any Lender entitled to notice that the specific insurance will not be obtained or renewed.

The Association, and its Directors and Officers, shall also have no liability to any Owner or Lender if it does not obtain any of the insurance referenced herein which is not required, but may be obtained at the discretion of the Association. The Board may, in good faith and at its sole discretion, determine that obtaining any of the discretionary insurance is unreasonable or unnecessary under the circumstances. In making a determination as to whether to acquire any such discretionary insurance, the Board may, but is not required to, base its decision upon, among other things, a vote of the Owners.

Section 9. Insurance Policy Deductibles.

The Board of Directors shall have the power, in its sole discretion, to determine the amount of any deductible applicable to any policy carried by the Association. In the

event of a loss for which the Association insurance coverage is used, the responsibility for payment of any deductible shall be as follows:

- (a) Owners shall be responsible for the cost of any deductible if the damage or loss occurs to the Owner's real or personal property, or other property for which the Owner is responsible ("Owner Property").
- (b) The Association shall be responsible for the cost of any deductible if the damage or loss occurs to any real or personal property owned by the Association, for which the Association is responsible ("Association Property").
- (c) If the damage or loss occurs to any Owner Property and any Association Property or to more than one Owner's Property, the responsibility for the payment of any deductible shall be apportioned among the affected parties on the basis of each parties cost of repair to the total costs of repair.
- (d) The foregoing notwithstanding, if the damage or loss is caused by the negligence or misconduct of any Owner, or resident, guest, tenant or invitee of an Owner, or is the Owner's responsibility pursuant to Article IX Section 5 herein, such Owner shall be liable for the full amount of the deductible.

Section 10. Individual Property Insurance.

An Owner is responsible for obtaining and maintaining such insurance, at his or her sole expense, to protect against any damage to, or loss of the Owner's property, and the cost of repair or replacement of damaged items, including, but not limited to, any improvements made by an Owner, any personal property, decorations, floor or wall coverings, appliances, fixtures or other items therein, or any exterior items for which such Owner is responsible, such as landscaping, which is caused by any Common Area component or any component maintained by the Association of any failure thereof. The Owner's policy shall be the primary policy for any claims of damage or loss to the Owner's property. The Association shall not be liable to any Owner or his or her tenants, guests, or others for damage to or loss of any such property, or the cost of repair or replacement of any damaged property or portions of such Owner's Lot, unless such damage is caused by gross negligence of the Association, its Board, Officers, agents or employees.

Section 11. Individual Liability Insurance.

An Owner may carry whatever personal liability and property damage liability insurance with respect to his or her Lot that he or she desires.

IX. DESTRUCTION OF COMMON AREA IMPROVEMENTS

Section 1. Reconstruction Without Election.

In the event of a total or partial destruction of any portion of the Common Area, if available insurance proceeds are sufficient to cover not less than ninety percent (90%) of the cost of repair or reconstruction, such Common Area shall be promptly repaired and rebuilt unless, within sixty (60) days from the date of such destruction, not less than seventy-five percent (75%) of the Members entitled to vote, at a duly called and noticed annual or special meeting of the Members at which a quorum is present, determine that such reconstruction shall not be undertaken. If reconstruction is to take place, the Board shall cause to be executed, acknowledged and recorded in the Office of the County Recorder a certificate declaring its intention to rebuild, such certificate to be executed by any Officer or agent of the Association duly authorized to do so by the Board.

Section 2. Reconstruction By Consent.

If the proceeds of such insurance are less than ninety percent (90%) of the cost of reconstruction, such reconstruction may nevertheless be undertaken if a majority of the voting power of the Association, present either in person or by proxy and entitled to vote, at a duly called and noticed annual or special meeting of the Members at which a quorum is present, elects to rebuild. In the event of an election to rebuild, a certificate shall be executed, acknowledged and recorded as described in Section 1 above.

Section 3. Assessments.

In the event of a determination to rebuild pursuant to Section 1 or Section 2 above, the Board shall determine the amount (in excess of available insurance proceeds, if any) necessary in order to effect such reconstruction. The amount determined by the Board shall be levied against the owners as a Special Assessment, payable upon such terms and conditions as the Board may deem appropriate. Any such Special Assessment shall be enforceable in the manner described in Section 14 of Article VI above.

Section 4. Board Responsibility.

The Board shall take all steps necessary to assure the timely commencement and completion of any reconstruction. All amounts collected as Reconstruction Assessments shall be used only for the purposes set forth in this Article, shall be deposited by the Board in a separate bank account to be held in trust for such purposes, shall not be commingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Members.

Section 5. Damage Caused by Owner or Item Under Control of Owner.

Should any damage to the Common Area, any Lot or Residence result from the willful or negligent act or neglect of any Owner, or such Owner's tenants, guests, invitees, pets, or other person or entity deriving any interest through such Owner, or from any item the

maintenance, repair or replacement of which the Owner is responsible, the cost of all repairs shall be borne solely by the responsible Owner.

The Association shall be responsible for performing the repair of any damage to the Common Area or items which the Association has control at the responsible Owner's expense. The responsible Owner shall perform the repair of any damage to his or her own property. The Owner of any other property which sustained damage shall perform the repair of any such damage, and may charge the cost thereof to the responsible Owner.

If the responsible Owner disputes or refuses to pay any repair costs incurred by the Association, the Association, after reasonable notice and an opportunity for a hearing, may charge the cost of these repairs to such Owner as a Reimbursement Assessment, with the full authority to lien on such amount in the event of non-payment. If the damage is such as may be covered by any insurance carried by the Association, the Board may, at its sole discretion, elect to submit the claim for repairs to its insurance carrier. Provided the submitted claim is covered by the Association's insurance, the responsible Owner shall pay the cost of any deductible applicable to the covered claim. If the submitted claim is not covered by the Association's insurance, or the Board elects not to submit the claim, the Owner shall be responsible for the total cost of the repair.

All repairs performed to correct any damage shall be sufficient to return the damaged property to only its condition prior to the damage, with upgrades as may be required to conform with any applicable building codes in effect at the time the damage is repaired.

Section 6. Limitation of Liability.

The Association shall not be liable to any Owner or his or her tenants, guests, or others, for damage or loss of any property, or the cost of repair or replacement of any damaged property or portions of such Owner's Lot unless such damage is caused by gross negligence of the Association, its Board, Officers, agents or employees.

Section 7. Damages to Lot; Water Intrusion Damages.

Each Owner shall be solely responsible for the repair or replacement of any damage to any and all interior items of his or her Residence or Lot, and the cost thereof, including, but not limited to, any personal property, decorations, interior surfaces, floor and wall coverings, appliances, fixtures or other items therein, or any exterior items such as landscaping, caused by any Common Area component or improvement or any other component or improvement maintained by the Association, including water intrusion from any Common Area source. An Owner may obtain and maintain such insurance, at his or her sole expense, to protect against any damage or loss of property, or the cost of repair or replacement of damaged items for which such Owner is responsible. The association shall not be liable for damage to property in the Lot or Residence resulting from water which may leak or flow from outside of any Lot, or from any pipes, drains, conduits, appliances or equipment or from any other place or cause, unless by gross negligence of the Association, its Board, Officers, agents, or employees.

Owners shall cause notice to be given to the Association of any water within, or water intrusion into, their Lot immediately upon discovery of such leak or water intrusion.

Within twenty-four (24) hours or sooner of the discovery of a leak or water intrusion, Owner shall cause all water to be extracted, and the residence and Lot cleaned. If Owner has not had water extraction and cleaning performed within forty-eight (48) hours of discovery of the leak or water intrusion, Association may cause such work to be done and assess the cost of the work to the Owner as a Reimbursement Assessment. If repairs are required to a Residence or Lot following a leak or water intrusion, all work shall be performed by a licensed contractor experienced in water extraction, mold remediation, and containment procedures designed to prevent contamination of the affected Lots, other Lots and the Common Areas. Owner and his or her tenants, guests, invitees, agents and employees shall hold the Association harmless for any claim for property damage and personal injury alleged to arise from the presence of mold or fungi in his or her Lot unless the damages or injuries were caused by gross negligence of the Association, its Board, Officers, agents or employees.

Section 8. Owner Notification to Association.

If, at any time, an Owner discovers or otherwise becomes aware of any condition within the Common Area that may constitute a risk to the health, safety or welfare of the Owners, their family members, tenants, and any other persons entering the Community, the Owner shall notify the Association representatives of the condition as soon as possible.

X. PROPERTY TAXES

Real property taxes, levies and assessments shall be separately and individually billed by the County Assessor's office to the Owners of individual Lots. Payment of such taxes for Lots shall be the sole responsibility of the Owner of such Lot. The Association shall not be liable for the collection and payment of any real or personal property taxes of any type whatsoever levied against individual Owners on account of their Lots. Real property taxes and assessments levied against the Common Area or personal property of the Association shall constitute a Common Expense which shall be paid by the Association through the Regular Assessment process.

XI. PROHIBITION AGAINST PARTITION OR SEVERANCE OF LOT FROM INTEREST IN COMMON AREA

The Common Area shall remain undivided and each Owner irrevocably waives the right to bring any action to partition the Common Area. The rights in the Common Area and title to the respective Lots, together with any exclusive easements or rights appurtenant to each Residence, shall not be separated, severed or separately conveyed, assigned, encumbered or otherwise transferred. All rights in the Common Area shall be conclusively deemed to be conveyed, assigned, transferred or encumbered with the respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

XII. ARCHITECTURAL CONTROL

Section 1. Architectural Approval.

In order to maintain a uniform and well-maintained appearance throughout the Project, no exterior improvements or other structures that require a building permit by the City or County shall be commenced, erected, altered or maintained upon the Project without the prior approval of the Architectural Committee.

Section 2. Architectural Committee.

The Board will also function as the Architectural Committee for the Project; provided, however, that at its election, the Board may appoint others either in addition to or in replacement of themselves as members of the Committee. All Committee Members will be Owners.

Section 3. Submission, Approval and Conformity of Plans.

The Architectural Committee may delegate its plan review responsibilities to one (1) or more members of the Committee. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Committee. The Committee may establish reasonable procedural rules in connection with review of plans and specifications. Unless such rules regarding submission of plans are complied with, such plans and specifications shall be deemed not submitted. In the event that the Architectural Committee fails to approve or disapprove plans or other requests submitted to it within thirty (30) days after such submission, then the Owner may notify the Architectural Committee in writing that a response has not been received. If the Architectural Committee fails to respond within 30 days of receipt of the notice from the Owner, approval will not be required so long as any structure or improvement erected or altered pursuant to such plans conforms to all the conditions and restrictions herein contained and is in harmony with similar structures erected within the Project. If the Architectural Committee disapproves any submitted plan, a written explanation stating the reason(s) for disapproval will also be provided.

Section 4. General Provisions.

Operation of the Architectural Committee shall be subject to the following general provisions:

(a) Review and approval by the Committee of plans and specifications does not constitute approval of engineering design, and by approving such plans and specifications, neither the Committee, the members thereof, the Association, the Members, nor the Board assumes liability or responsibility therefore or for any defect in any structure constructed from such plans and specifications.

(b) Approval of plans and specifications by the Committee does not relieve the owner- applicant of the responsibility to obtain necessary building permits and approvals from the City and/or County.

(c) The establishment of the Architectural Committee and the procedures described 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 their Lots and Residences as may otherwise be specified in this Declaration, the Bylaws or the Association rules.

Section 5. Reconstruction of Residences.

The reconstruction of any Residence after destruction, which is accomplished in substantial compliance with the original building plans for such Residence, shall not require compliance with the provisions of this Article.

Section 6. No Liability.

Neither the Board, nor the Committee, nor any member thereof, nor their duly authorized representatives, shall be liable to the Association or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder unless due to the willful misconduct or bad faith of the Committee. The Committee's review of plans submitted to it will be based solely on aesthetic considerations and the overall benefit or detriment which might result to the immediate vicinity and the Project generally. The Committee will not be responsible for reviewing, and its approval of any plan or design will not be deemed approval of, any such plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 7. Architectural Standards.

1. Minimum Setback Line.

(a) General. No structure of any kind and no part thereof, shall be placed on any Lot closer to the property line than herein provided. The following structures and improvements are specifically excluded from these setback provisions:

- (1) Pole lines;
- (2) Underground pipe lines;
- (3) Conduits;
- (4) Ditches;
- (5) Water works facilities for the production and distribution of water primarily for irrigation purposes;
- (6) Fences and walls; and
- (7) Streets and alleys.

(b) Front Yard Setbacks. The setback line is established twenty feet (20') from the front right of way easement line except that no structure or improvement except those listed in Section 1(a), (1) through (7), shall be erected nearer than a minimum of twenty-five feet (25') from the point of intersection of any two (2) streets or highway lines; provided, however, if the Architectural Committee ("the

Committee") shall determine that extenuating circumstances exist with respect to any Lot that would cause conformance to the setback minimums to result in undue hardships on the Owner of the Lot, the Committee may approve such setback as may be reasonable.

(c) Side Yard Setback. The setback line for the main residence is established at a minimum of twenty feet (20') from the said property line.

(d) Change in Setback . Anything contained in this Section 1 (b) and (c) to the contrary notwithstanding, in the event the zoning of the Project allows different setbacks, the setback required shall be those which are the more restrictive.

(e) Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadway shall be permitted to remain on any corner Lot within the area formed by a sixty (60) foot radius from the intersection of the center lines of the streets. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

2. Excavation and Grading.

Exposed openings resulting from any excavation made in connection with construction of improvements shall be backfilled and disturbed ground shall be leveled. All excavation shall be done in compliance with the City and County Grading Ordinance and shall be certified by a California licensed soils engineer. The grading of building pads shall be confined to the minimum amount necessary to provide for the architectural concepts. Step pads or building pads which conform to the topography of the homesites are encouraged. Grading shall be subject to review for conformance to the natural topography of the site. Cut slopes shall have the tops rounded to avoid unnatural shaped edges. Significant rock outcrops shall be preserved and displayed wherever possible on both cut and fill slopes. All excavation which requires blasting in any form be scheduled and coordinated with the Committee, the City and the County in the interest of safety to neighbors, and passersby.

3. Building Regulations.

(a) Type. All structures constructed or placed on any Lot shall be constructed of new material, rock and used brick excepted, and no used structures shall be relocated or placed except that the Committee may allow, at its discretion, the placement or use of a used building or building component if it can be shown that such is of historic or architectural value and that such is harmoniously integrated into the total building design. No building or other structure shall be built or erected unless the building or other structure is of a quality usual and customary for the type of building or structure and of good quality and design and has been previously approved by the Committee.

(b) Size. There shall not be erected or maintained on any Lot, any dwelling residence which shall have a living area of less than two thousand five hundred (2,500) square feet, exclusive of carports,

garages, covered porches, basements, terraces, patios or balconies. Any accessory building or garage shall conform in architectural design and exterior material to the residence to which they are appurtenant, and may be, but need not be, attached to said residence. No building, structure, improvement or use shall be constructed, erected, allowed, placed, permitted to remain, or made, on any Lot or any portion thereof, other than as provided by the rules, regulations and restrictions of the zoning contained in the Zoning Ordinance for the City and/or County as the same may be amended from time to time or other than that permitted under the appropriate zoning which may hereafter be enacted and covering the Project, or any portion thereof, by the City and/or County. Each Lot in the Project shall not be less than five (5) gross acres.

(c) Materials. Exterior walls shall be of brick, stone, stucco, wood or glass. Reflective or spandrel glass will not be allowed. Roofs shall be of clay tile, concrete/tile, slate or some other non-combustible materials approved by the Committee. Wood shake or shingle roofs, whether treated or not, shall not be allowed.

4. Drainage.

Each grantee of a Lot in the Project agrees for himself and his assigns, that he will not in any way interfere with the natural drainage of water over his Lot from adjoining or other Lots in the Project. In the event it is necessary to change the natural flow of water drainage over his Lot, he will make adequate provisions for proper drainage. These provisions must have specific approval of the Committee, as well as all other governing agencies.

5. Subdivision Regulations.

No Owner, lessee or occupant of any portion of the Project shall subdivide any portion of the Project in any manner, including, without limitation, the filing of subdivision maps, lot splits, or sales, without the prior approval of applicable County and State regulatory agencies and without the prior written approval of the Committee. Such approval shall not be unreasonably withheld. The Committee shall consider the shape and location of any and all subdivided property as to its aesthetic appearance, enhancement or detracting from the value of the surrounding parcels and conformity with planned streets and highways. There shall be no subdivision to less than five (5) gross acres permitted or approved by the Committee.

6. Consolidation of Lots.

By election in writing, a person may buy more than one Lot and combine the said Lots into one Lot. Thereafter, said property shall be treated as one Lot for the purposes of this Declaration. At a later date, by writing and by compliance with the provisions of this Declaration, said Lots may be returned to their original state by election in writing by the Owner filed with the Board, which shall become effective when the physical conditions of the Lots complies with this Declaration.

7. Design Requirements.

Design plans for each residence that meet City and County standards must be submitted to the Architectural Committee for approval before building is commenced. No improvement, excavation or other site building improvement shall commence on an individual homesite area until such a time as the Architectural Committee design review procedures described herein have been satisfied.
8. Required Drawings.
 - (a) Preliminary Drawings. The following preliminary drawings shall be submitted to the Committee for approval.
 - (1) Site Plan showing existing and proposed site topography, building, garage, driveway, retaining and garden walls, site utilities including septic well, landscaped areas, pools and other site improvements.
 - (2) House plan showing floor plans for each floor.
 - (3) Elevations showing each exposed side of the proposed structure and indicating proposed materials and colors for roofs, house walls, garden walls and fences.
 - (b) Working Drawings. The owner shall submit to the Committee for approval completed working drawings and specifications for the buildings and sitework. These working drawings shall be developed from the approved preliminary drawings, without major changes which would be in conflict with provisions of these requirements.
9. Approval.
 - (a) Preliminary Plans. The Committee will approve the submitted preliminary drawings if they comply with the design requirements contained herein. Approval may be dependent upon certain special conditions which are found by the Committee to be appropriate in each particular case. However, approval will not be unreasonably withheld. This approval will not be delayed for more than thirty (30) working days without notifying the owner and/or his authorized representative in writing of the reasons for such delay.
 - (b) Working Drawings. The Committee will approve the submitted working drawings if they comply with the design requirements contained herein and the conditions set forth in the prior approval of the preliminary drawings. Approval will not be unreasonably withheld.
 - (c) Government Approvals. The above approvals by the Committee shall not constitute, or be a substitute for, any approval required by City, County, State or Federal law.
 - (d) Right to Appeal. Any disapproval by the Architectural Committee may be appealed to the Board by written request within thirty (30) days of the Committee decision. After thirty (30) days, the Committee decision shall be final. Upon receipt of a written appeal, the Board shall conduct an open hearing to review and evaluate the submitted plans.

10. Enforcement.

If an Owner violates or attempts to violate any of the standards described herein, Committee and/or any Owner may bring proceedings at law or in equity against the person or persons violating or attempting to violate any such standards, to prevent such person or persons from so doing or to recover damages or other penalties for such violation. A violation or attempted violation of any provision of these standards is hereby declared to be and constitutes a nuisance. The prevailing party shall be entitled to an award of costs, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted.

11. Inspection.

The Committee or its agent, may from time to time, enter and inspect any Lot to ascertain compliance herewith after first making a reasonable effort to contact the Owner and arrange a mutually agreeable time.

12. Failure to Enforce Not a Waiver of Rights.

The failure of the Committee, the Board or any Owner to enforce the standards herein contained shall not be deemed to be a waiver of the right to do so thereafter nor of the right to enforce any other restrictions.

XIII. RIGHTS OF INSTITUTIONAL HOLDERS OF MORTGAGES

The following provisions are for the benefit of Institutional Holders, Insurers and Guarantors of first Mortgages on Lots within the covered Property and shall apply notwithstanding any provision to the contrary set forth elsewhere in this Declaration or the Bylaws. These provisions apply only to "Eligible Holder" as defined below.

Section 1. Notices of Actions.

Any Institutional Holder, Insurer or Guarantor of a first Mortgage who provides written request to the Association, stating the name and address of such Holder, Insurer or Guarantor and the address or legal description of the particular Lot encumbered thus becoming an "Eligible Holder"), will be entitled to timely written notice of:

- (a) Any default by the Owner of such Lot in the performance of such Owner's obligations under the Declaration or Bylaws which is not cured within sixty (60) days from the date of such default;
- (b) Any condemnation proceedings affecting the Project;
- (c) Any substantial damage to or destruction of any significant portion of the Common Area;
- (d) Any proposed termination of the Association;
- (e) Any lapse, cancellation or material modification of any insurance policy maintained by the Association; or
- (f) Any proposed action which would require the consent of Eligible Holders as further described in this Article.

Section 2. Rights of Institutional Holders Upon Foreclosure.

Any Institutional Holder of a first mortgage on a Lot which comes into possession of that Lot pursuant to judicial foreclosure or foreclosure by power of sale shall:

- (a) Acquire title in such Lot free of any claims for unpaid assessments or charges against the Lot accruing prior to the Institutional Holder's acquisition of title;
- (b) Not be obligated to cure any breach of this Declaration which is noncurable or of a type which is not practical or feasible to cure and which took place prior to acquisition of title to the Lot by the Institutional Holder; and
- (c) Be exempt from any right of first refusal contained in this Declaration or any amendment hereto, and such right of first refusal shall not impair the rights of an Institutional Holder to (i) foreclose or acquire title to a Lot pursuant to the remedies provided in the Mortgage, (ii) accept an assignment in lien of

foreclosure in the event of default by the mortgagor, or (iii) sell or lease a Lot acquired by the Institutional Holder.

Section 3. Consent of Institutional Holders.

The consent of Institutional Holders, Insurers or Guarantors shall be required in order to take the following actions with respect to the Association and rights and obligations of Members and Institutional Holders:

(a) Any restoration or repair of the Common Area after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval of the Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of the Owners of such Lots, subject to encumbrances held by such Eligible Holders are allocated, is obtained;

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of owners of such Lots, subject to first encumbrances held by such Eligible Holders, are allocated;

(c) Unless at least seventy-five percent (75%) of the Owners have given their prior written approval, the Association and the Owners shall not be entitled to: (i) change the pro rata interest or obligations of any Lot for the purposes of levying assessments and charges or allocating distributions of hazard insurance proceeds or condemnation awards; (ii) partition or subdivide all or any part of the Common Area of the Project; (iii) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this provision); (iv) use hazard insurance proceeds for losses to any portion of the Common Area for other than the repair replacement or reconstruction of such improvements, except as provided by statute.

Section 4. Amendments to Documents.

The following provisions contained in this Section do not apply to amendments to the Bylaws or this Declaration or termination of the Association made as a result of destruction, damage or Condemnation pursuant to subsections (a) and (b) of Section 3 above.

(a) The consent of at least one hundred percent (100%) of the voting power of the Association and the approval of the Eligible Holders of first encumbrances on Lots to which at least sixty-seven percent (67%) of the votes of Members owning Lots subject to such encumbrances pertain, shall be required to terminate the Association.

(b) The consent of at least sixty-seven percent (67%) of The Members and the approval of Eligible Holders of first encumbrances on Lots to which at least fifty-

one percent (51%) of the votes of Members whose Lots are subject to such an encumbrance pertain, shall be required in order to materially amend any provision of the Declaration, Bylaws, or Articles, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following: (1) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Area; (iv) insurance or fidelity bonds; (v) rights to use the Common Area; (vi) responsibility for maintenance and repair of the Project; (vii) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Association; (viii) boundaries of any Lot or the Common Area, (ix) leasing of Lots and Residences; (x) imposition of any right of first refusal or similar restrictions of the right of any owner to sell, transfer or otherwise convey his Lot; (xi) establishment of self-management by the Association where professional management has previously been required; or (xii) any provisions included in the Declaration, Bylaws or Articles which are for the express benefit of Institutional Holders, Guarantors or Insurers of first encumbrances on Lots.

Section 5. Additional Rights of Institutional Holders.

Any Institutional Holder of a Mortgage on a Lot in the Project will, upon request, be entitled to: (a) inspect the books and records of the Association during normal business hours; and (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association, provided, however, that such audited statements shall be made available only if they have been prepared by the Association in the regular course of business, and (c) receive written notice of all meetings of Owners and be permitted to designate a representative to attend all such meetings.

Section 6. Information.

Any Institutional Holder is authorized to furnish information to the Board concerning the status of any loan encumbering a Lot.

Section 7. Priority of Mortgage Lien.

No breach of the covenants, conditions or restrictions contained in this Declaration, nor the enforcement of any lien provisions created herein, shall affect, impair, defeat or render invalid the lien of any first Mortgage made in good faith and for value, but all of the covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title to a Lot is derived through foreclosure, trustee's sale or otherwise.

Section 8. Insurance.

The Owners and the Association shall procure and maintain fire and liability Insurance and such other insurance as may from time to time be required by Institutional Holders. All such insurance shall contain loss payable clauses naming the Institutional Holders which encumber a Lot by a first Mortgage, as their interests may appear.

Section 9. Priority on Distribution of Proceeds.

No Owner or any other party shall have priority over the Institutional Holder of the Mortgage on his Lot in the case of a distribution of insurance proceeds or condemnation awards for losses to or a taking of the Lot or Common Area.

Section 10. Special FNMA-FHLMC Provisions.

So long as required by The Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"), the following provisions shall apply in addition to and not in lieu of the foregoing provisions contained in this Article.

(a) Unless two-thirds (2/3) of the Institutional Holders of first encumbrances or owners of Lots subject to such encumbrances give their consent, the Association shall not: (i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly; (ii) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner; (iii) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of the Project and the Common Area, (iv) fail to maintain fire or extended coverage insurance, as required by this Declaration; or (v) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of each property.

(b) The Association agrees to give written notice to the FNMA or FHLMC or its designated representative of any loss to, or taking of, the Common Area if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00).

(c) If any loan secured by a Mortgage encumbering a Lot is owned by the FNMA or FHLMC, its - successors or assigns or is tendered to the FNMA or FHLMC, its successors or assigns for purchase, the Association and the Owners shall obtain and maintain in full force and effect all insurance coverages which may at any time be required by the FNMA or FHLMC, its successors or assigns and shall otherwise comply in all respects with all insurance requirements of the FNMA or FHLMC which may be in effect at any time.

Section 11. Consent.

An Eligible Holder which receives a written request to consent to an amendment or to any other action to which the Eligible Holders' consent is required or permitted by this Declaration, and which does not respond negatively within thirty (30) days after having received the request, shall be deemed to have consented to the amendment or other action.

XIV. EMINENT DOMAIN

Section 1. 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 Common Area.

Section 2. Representation by Association in Condemnation Proceeding.

In the event of a taking, the Association shall, subject to the right of all Institutional Holders who have requested the right to join the Association in the proceedings, represent all of the Members in an action to recover all awards. No Member shall challenge the good faith exercise of the discretion of the Board's actions on behalf of the Association, in fulfilling its duties under this Article. The Association is further designated as the sole representative of the Members, in all aspects of condemnation proceedings not specifically covered herein.

Section 3. Award for Common Area.

In the event of a taking of all or any part of the Common Area, the Association shall distribute the award from the taking authority according to the provisions of this Section after deducting therefrom fees and expenses related to the condemnation proceeding including, without limitation, fees for attorneys and appraisers and court costs. In the event that the taking is by judgment of condemnation and said judgment apportions the award among the Owners and their respective Institutional Holders, the Association shall distribute the amount remaining after such deductions among such Owners and Institutional Holders on the allocation basis set forth in the judgment. In one event that the taking is by sale under threat of condemnation, or if the judgment of condemnation fails to apportion the award, the Association shall distribute the award among the owners on a prorated basis, with each Owner receiving an equal share of such award for each Lot owned within the Project.

Section 4. Inverse Condemnation.

The Association is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

Section 5. Notice to Members.

The Association, immediately upon having knowledge of any taking or threat thereof, shall promptly notify all Members.

XV. EASEMENTS

Section 1. Utility Easements.

Easements over the Project for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded map of the Project, and as may be hereafter required or needed to service the Project are hereby created for the benefit of each Owner and the Association.

Wherever sewer connections, water connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Project, the Owners of Lots served by such connections, lines or facilities shall have an easement to the full extent necessary for the use and enjoyment of that portion of the connections which service his Lot, and to have utility companies enter upon Lots owned by others, in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections when it may be necessary.

Section 2. Common Area Easements.

Each Lot within the Project is hereby declared to have an easement over all of the Common Area, for the benefit of the Lots, the Owners thereof, and for their families, guests, invitees and tenants, for all of the purposes and uses described herein, including ingress and egress over and through the Common Area.

Section 3. Drainage Easements.

An easement is deemed to exist over all Lots within the Project, in favor of all other Lots within Project, for purposes of surface drainage in accordance with the natural drainage of water over the Lots and throughout the Project. This easement is subject, however, to the provisions of Section 11 of Article IV as well as the requirement of the Architectural Standards regarding interference with natural drainage patterns.

Section 4. Establishment of Easements.

It is intended that the easements described herein be a continuation and restatement of similar easement rights as described in the prior Declaration. These easements are considered covenants running with the land for the use and benefit of all of the Lots and the Common Area, superior to all other encumbrances affecting any portion of the Project. Individual conveyances of Lots may, but shall not be required to, set forth such easements.

XVI. GENERAL PROVISIONS

Section 1. Enforcement.

The Association and each Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by this Declaration, or any amendment hereto and the Articles and Bylaws; provided, however, that with respect to assessment liens, the Association shall have the exclusive right of enforcement. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 2. Severability of Covenants.

Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Term.

The covenants and restrictions of this Declaration shall run with and bind the Covered Property and the Project, and shall inure to the benefit of and be enforceable by the Association or the Owners, their legal representatives, heirs, successors and assigns until thirty (30) years after the date this Declaration is recorded, after which date they shall automatically be extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then Owners has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to terminate this Declaration.

Section 4. Construction.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a planned Residence development and for the maintenance of the Common Areas. In case of any conflict between this Declaration and the Articles or Bylaws, this Declaration shall control. The article and section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5. Amendments.

Subject to the rights of Institutional Holders described in Article XIII above, this Declaration may be amended by the affirmative assent or vote of a majority of the voting power of the Association; provided, however, that the percentage of voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. This amendment provision shall not be amended to allow amendments by the assent or vote of less than the prescribed percentage of voting power required for amendments hereof. An amendment or modification shall be effective when executed by the President and

Secretary of the Association, who shall certify that the amendment or modification has been approved as provided herein, and recorded in the official records of the County.

Section 6. Dissolution.

So long as there is any Lot or Common Area for which the Association is obligated to provide management, maintenance, preservation or control, the Association may be dissolved or may transfer all or substantially all of its assets only upon the approval of one hundred percent (100%) of the Members.

Section 7. Nonliability of Officials.

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

Section 8. Violation of Declaration.

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

Section 9. Statutory References; Fixed Amounts.

References in this Declaration or the Bylaws to specific statutes or provisions of California law shall include those statutes or provisions as they may be modified or amended from time to time. References in this Declaration or the Bylaws to specific dollar amounts or percentage rates shall be modified from time to time as the dollar figures or percentage rates in statutes upon which they are based are modified. If a dollar amount is not governed by a statute, it may be modified periodically by the Association in accordance with changes in the Consumer Price Index, All Urban Consumers, All Items, for the Los Angeles-Anaheim-Riverside Area, utilizing that index on the month and year this Declaration was recorded as the basis for comparison. Any modification of the Declaration or Bylaws resulting from the application of this Section may be affected by a validly adopted resolution of the Board, without utilizing the formal amendment procedures contained herein or in the Bylaws.

Section 10. Information to Purchasers and Owners.

Owners shall, as soon as practicable prior to the transfer of title to their Residence or execution of an installment land sale contract conveying an equitable interest in such Residence, provide the following to the prospective purchasers:

- (1) A copy of the Articles, Bylaws and this Declaration;
- (2) A copy of any applicable rules and guidelines which have been adopted by the Board;
- (3) A copy of the most recent financial statement distributed pursuant to the requirements of the Bylaws; and
- (4) A true statement in writing from an authorized representative of the Association stating the amount of any assessments levied upon the Owner's Lot which are unpaid as of the date of the statement. This statement will also include true information regarding late charges, interest and costs of collection which, as of the date of the statement, are or may be made a lien upon the Owner's Lot pursuant to the provisions hereof. Upon request, the Association shall, within ten (10) days after the mailing or delivery of a request, provide the owner of a Lot with a copy of the requested items specified in subparagraphs (1) through (4) above. The Association may charge a fee for this service, which will not exceed its reasonable cost to prepare and reproduce such items.

Section 11. Attorneys' Fees.

In the event an attorney is engaged by the Board to enforce the Governing Documents, the Association shall be entitled to recover from the adverse party to the controversy its attorneys' fees and costs so incurred, whether or not such controversy proceeds to litigation. In the event litigation is commenced to enforce the Governing Documents, the prevailing party shall be entitled to its attorneys' fees and costs. Said costs and attorneys' fees shall constitute a lien on the Lot which is enforceable pursuant to Article XVI herein. This section shall also apply to attorneys' fees incurred to collect any post-judgment costs.

Section 12. Annexation.

Upon the written petition from the owner or owners of real property adjacent to the Covered Property, the Board, by a majority vote, may elect to annex such adjacent property, making it subject to this Declaration, with the owner or owners thereof becoming Members of the Association, upon such terms and conditions as the Board may deem appropriate. Upon the annexation of any such additional real property, such property and the owners thereof shall become subject to assessments as set forth in this Declaration. In the event that any such annexed property is further subdivided and separate lots or parcels thereof are sold to additional owners, such subdivided lots or parcels will continue to be subject to this Declaration and liable for assessments hereunder on the same basis as all other property and Owners within the Project, unless the Board shall specifically otherwise provide by a properly adopted resolution. Annexation of such additional real property will be evidenced by the recording of a

Declaration of Annexation executed by the Secretary of the Association, certifying consent of a majority of the Board to such annexation and containing a legal description of the property to be annexed and the names of the owners of such property, as well as the effective date of such annexation (if other than the recording date of the Declaration of Annexation). The Declaration of Annexation will also be executed and acknowledged by the owners of the property which is being annexed.

Section 13. Common Plan Declaration.

The covenants, conditions and restrictions set forth in this Declaration constitute a general program for the development, protection and maintenance of the Project to enhance its value, desirability and attractiveness for the benefit of all Owners. By acquiring any ownership interest in a Lot subject to this Declaration, each person or entity, for himself, his heirs, personal representatives, successors, transferees and assigns, agrees to be subject to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration. The Association and the Owners, by this Declaration, set forth a program for the improvement and development of the Project and hereby evidence their intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all future owners, grantees, purchasers, assignees, and transferees.

IN WITNESS THEREOF, the undersigned Declarant has executed this Declaration as of the date set forth above. This Declaration may be executed in counterparts and when recorded, will be recorded with separate signature pages and acknowledgments for the President and Secretary of the Association.

I acknowledge that, to the best of my knowledge, the **2019 Amended and Restated Declaration of Covenants, Conditions and Restrictions for Oak Hills Estates Owners Association** has been provided to all Members of the Association for review and vote at the Annual Meeting on May 21, 2019, and that a majority of the voting power of the Association has voted in the affirmative for this Declaration.



Deborah Davidson
Secretary/Treasurer, Oak Hills Estates Owners Association

5 June 2019

Date

See Attached Notary Certificate

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

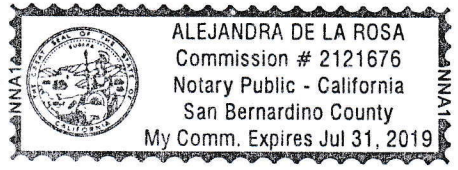
State of California

County of San Bernardino

On June 5, 2019 before me, Alejandra De la Rosa, Notary Public

personally appeared Deborah Lynn Davidson

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



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

WITNESS my hand and official seal.

Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: 2019 Amended & Restated Declaration of Covenants, Codes and Restrictions for Oak Hills Estates Owners Association

Document Date: Number of Pages: 58

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name: Deborah Davidson Signer's Name:
[X] Corporate Officer - Title(s): Secretary / Treasurer
[] Partner - [] Limited [] General
[] Individual [] Attorney in Fact
[] Trustee [] Guardian of Conservator
[] Other:
Signer is Representing: Oak Hills Estates Owners Association

**Exhibit A. LEGAL DESCRIPTION OF THE COVERED
PROPERTY**

That certain real property located in Riverside County, California, described as follows:

Lots 4 through 53 of Tract No. 12554, as per Map Recorded in book 128, Pages 1 through 11, inclusive, Records of Riverside County, California.

Exhibit B.

LOT NUMBERS IN THE ASSOCIATION

