

RECORDING REQUESTED BY:

**GLENOAKS RANCH ESTATES
MAINTENANCE ASSOCIATION**

Donald L. Martin, Incorporator

WHEN RECORDED, MAIL TO:

Glenoaks Ranch Estates
Maintenance Association
12132 Woodlawn Ave.,
Santa Ana, CA 92705-3013

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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
GLENOAKS RANCH ESTATES**

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EXHIBIT "C" - DESIGNATED SERVICES AREAS

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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
GLENOAKS RANCH ESTATES**

This Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Glenoaks Ranch Estates is made by the Declarants. The capitalized terms used in this Preamble are defined in Article I.

PREAMBLE:

A. Declarants are the owners of record of specific parcels of real property in the County of Riverside, California, described as follows and more fully described on Exhibit "F" hereto:

Glenoaks	924170008-7	27.03	Parcel 1 Parcel Map 6859
Glenoaks	924240014-8	9.17	Parcel 4 Parcel Map 5483
Glenoaks	924240019-3	27.44	Parcel 2 Parcel Map 4728
Glenoaks	924230003-7	8.10	Parcel 1 Parcel Map 28442 Parcel 2 Parcel Map 28442 Parcel 3 Parcel Map 28442
Tapley et al	924230019	2.5	Parcel 1 Parcel Map 26612
Pargett	924230020	2.5	Parcel 2 Parcel Map 26612
Tapley et al	924230021	2.5	Parcel 3 Parcel Map 26612
Tapley	924230022	2.5	Parcel 4 Parcel Map 26612
Scheele	924240020	2.5	Parcel 1 Parcel Map 26613
Hovey	924240021	2.5	Parcel 2 Parcel Map 26613
Hovey	924240022	2.5	Parcel 3 Parcel Map 26613
Tapley et al	924240023	2.6	Parcel 4 Parcel Map 26613
Haynes	924240011	3.7	Parcel 1 Parcel Map 5483
Mamey	924240013	2.8	Parcel 3 Parcel Map 5483
TenEyck	924240018	5.5	Por Pel 2 Parcel Map 1815
TenEyck	924230001	15.4	Parcel 1 Parcel Map 4728

B. Declarants intend and agree to maintain the Properties as a premier living area for the Owners and residents and to remain consistent with the reasonable and necessary activities of the present agricultural uses of the Properties, which are primarily citrus farm operations. Declarants intend that the Properties be maintained with certain common objectives, and that the Owners of Lots within the Residential Area have certain common interests. This common development scheme created by the Owners imposes reciprocal burdens and benefits on all of the Properties, so that each portion and the entirety of the Properties are both burdened by the provisions of this Declaration for the benefit of each other portion of the Properties, and benefited by the burdens imposed on each other portion of the Properties.

C. Declarants intend and agree that this Declaration shall supersede and replace and hereby terminate that certain Road Maintenance Agreement Via Del Toronjo, Recorded on

November 17, 1995, as Instrument No. 385725, in the Official Records of Riverside County, California. Declarants further intend and agree that the Association shall assume the easements owned by the Via Del Toronjo Road Maintenance Association.

D. Declarants deem it desirable, for the efficient preservation of the amenities in the Properties, to create a "planned development" and a "common interest development" within the meaning of Section 1351(k) and Section 1351(c) respectively, of the California Civil Code, pursuant to the Davis-Stirling Common Interest Development Act. The Properties are planned to constitute a "subdivision" as defined in Section 11000 of the California Business and Professions Code. The general plan of development of the Properties will include forming a corporation pursuant to the California Nonprofit Public Benefit Corporation Law to which will be assigned the powers of (1) owning, maintaining and administering the Maintenance Property, (2) administering and enforcing the Restrictions, and (3) collecting and disbursing the Assessments and charges hereinafter created. The Owners will cause such corporation to be formed to exercise such powers, as required by Section 1363 of the California Civil Code. The Members of the Association will be the Owners of real property in the Properties.

E. Declarants hereby declare that the Properties will be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the easements, restrictions, reservations, rights, covenants, conditions and equitable servitudes contained in this Declaration, all of which are for the purpose of enhancing the attractiveness and desirability of the Properties, in furtherance of a general plan for the protection, maintenance, improvement and sale of the Properties or any portion thereof. The covenants, conditions, restrictions, rights, reservations, easements and equitable servitudes set forth herein will (1) run with and burden the Properties and will be binding upon all Persons having or acquiring any interest in the Properties or any part thereof, their heirs, successors and assigns; (2) inure to the benefit of every portion of the Properties and any interest therein; (3) inure to the benefit of and be binding upon each Owner and each Owner's successors in interest; and (4) may be enforced by any Owner and the Association.

Article I DEFINITIONS AND INTERPRETATION

The following defined terms shown in bold have the meanings given in this Article and are subject to the limitations described in this Article.

1.1. **Architectural Guidelines** are the design standards, procedures, rules and guidelines adopted pursuant to Article III.

1.2. **Articles** are the Articles of Incorporation of the Association as amended or restated. A copy of the initial Articles is attached as *Exhibit "B"*.

1.3. **Assessment** means any Common Assessment, Capital Improvement Assessment, Extraordinary Assessment, Compliance Assessment or Reconstruction Assessment.

1.4. **Association** means the Glenoaks Ranch Estates Maintenance Association, a nonprofit mutual benefit corporation (formed pursuant to the California Nonprofit Public Benefit Corporation Law), its successors and assigns. The Association is an "association" as defined in Section 1351(a) of the California Civil Code.

1.5. **Association Maintenance Areas** means (a) entry monuments, and (b) certain landscape areas in the Properties. The Association will have a nonexclusive easement for maintenance purposes over the Association Maintenance Areas. The approximate location of the Association Maintenance Areas, are depicted on the drawings which are marked Exhibit "D" attached hereto and incorporated herein by this reference; provided that the precise location of such Association Maintenance Areas shown on Exhibit "D" shall be defined by the Improvements originally constructed or installed by Declarant.

1.6. **Beneficiary** means a Mortgagee under a Mortgage or the assignees of such Mortgagee identified in a Recorded assignment of rights under the Mortgage.

1.7. **Board or Board of Directors** means the Association's Board of Directors.

1.8. **Budget** means a written, itemized estimate of the Association's income and Common Expenses prepared pursuant to the Bylaws.

1.9. **Bylaws** are the Bylaws of the Association as adopted by the Board initially in the form of *Exhibit "C"*, as amended or restated.

1.10. **Capital Improvement Assessment** means a charge against the Owners and their Lots representing a portion of the cost to the Association for installing or constructing capital Improvements on the Maintenance Property. Capital Improvement Assessments will be levied in the same proportion as Common Assessments. Capital Improvement Assessments are special assessments as described in California Civil Code Section 1366.

1.11. **Common Area** means an area within the Properties designated as "common area" (as defined in Section 1351(b) of the California Civil Code) owned or maintained by the Association for the primary benefit of the Owners.

1.12. **Common Assessment** means a charge against the Owners and their Lots to be used to satisfy Common Expenses, which is to be levied as provided in this Declaration. Common Assessments are composed of a "General Assessment Component" and, possibly, a "Designated Services Area Assessment Component," as provided in Section 6.4. The Common Assessment is a regular assessment as described in California Civil Code Section 1366.

1.13. **Common Expenses** are those expenses for which the Association is responsible under this Declaration, including the actual and estimated costs of maintaining, managing, operating, repairing and replacing the Maintenance Property and Association Maintenance Areas that are not part of a Designated Services Area; replenishing unpaid Assessments; paying any commonly

metered utilities or other commonly metered charges for the Properties; managing and administering the Association; compensating Association managers, accountants, attorneys and employees; providing all utilities, gardening, trash pickup and other services benefiting the Maintenance Property, if any; paying premiums of fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering the Properties and the directors, officers and agents of the Association; bonding the members of the Association Board of Directors or its officers; paying taxes discharging any lien or encumbrance levied against the Properties, or portions thereof; establishing reasonable reserves; paying all other expenses incurred by the Association for any reason whatsoever in connection with the Properties, for the common benefit of the Owners.

1.14. **Compliance Assessment** means a charge against a particular Owner directly attributable to or reimbursable by that Owner equal to the cost incurred by the Association for corrective action performed pursuant to the Restrictions, or a fine or penalty assessed by the Board, plus interest and other charges on such Compliance Assessments as provided for in the Restrictions. Compliance Assessments shall not include any late payment penalties, interest charges or costs (including attorneys' fees) incurred by the Association in the collection of Common, Capital Improvement or Reconstruction Assessments because these costs are added to the Common, Capital Improvement or Reconstruction Assessment for which they are incurred. Compliance Assessments may include any other collection costs, expenses and reasonable attorneys' fees. A Compliance Assessment is a monetary penalty described in Section 2792.26(b) of the California Code of Regulations.

1.15. **County** means Riverside County, California, and its departments, divisions, employees and representatives.

1.16. **Declarants** mean the Owners of record of the Lots (parcels) listed in the Preamble and encumbered by this Declaration on the date of Recordation of this Declaration.

1.17. **Declaration** means this entire instrument, including the Preamble, all other provisions, and the Exhibits, as amended or restated.

1.18. **Designated Services Area** means a group of Lots that share the costs of either (i) maintaining, repairing and replacing specified Improvements on portions of the Maintenance Property, or (ii) receiving certain services provided by the Association. The additional administrative costs of operating each Designated Services Area shall be a part of the Common Expenses allocated to the Designated Services Area Component of Common Assessments. There are currently two Designated Services Areas: (i) Martin Ranch Road Designated Services Area, and (ii) Via del Toronjo Designated Services Area. The Board may designate additional Designated Services Areas under circumstances authorized in this Declaration.

1.19. **Design Review Committee** means the Design Review Committee created pursuant to Article III.

1.20. **Extraordinary Assessment** means a charge against Owners and their Lots representing any expense incurred or to be incurred in accordance with the Restrictions which cannot be imposed as a Capital Improvement Assessment or Reconstruction Assessment but which qualifies as a special assessment described in California Civil Code Section 1366. Extraordinary Assessments will be levied in the same proportion as Common Assessments.

1.21. **Family** means (a) one or more natural Persons related to each other by blood, marriage or adoption, or (b) a group of natural Persons not all so related, but who maintain a common household in a Residence.

1.22. **Fiscal Year** means the fiscal accounting and reporting period of the Association selected by the Board.

1.23. **Improvement** means, without limitation, any structure, vegetation or appurtenance thereto including, without limitation, buildings, walkways, irrigation systems, trash areas, drainage systems, recreational facilities, pools, gazebos, roads, driveways, parking areas, fences, all types of walls, stairs, decks, all types of landscaping and plantings, antennae, the paint on all exterior surfaces, windbreaks, patio covers, railings, fountains, sculptures, gates, poles, signs, storage areas, exterior air conditioning and water-softening fixtures or equipment. The Architectural Guidelines may identify additional items that are Improvements.

1.24. **Local Governmental Agency** means the City, County and any local or municipal governmental entity or agency including any special assessment district, maintenance district or community facilities district.

1.25. **Lot** means a lot or parcel of land shown on a Recorded subdivision map or Recorded parcel map of any portion of the Properties, with the exception of the Maintenance Property and the Common Area. Any Lot encumbered by this Declaration which is legally subdivided in any subsequent subdivision map, record of survey, or other legal division of land pursuant to the California Subdivision Map Act (California Government Code Section 66410 et seq.) or any local ordinance shall be recognized as individual Lots and the Owner of each newly created Lot shall have all of the rights, privileges and obligations created under this Declaration.

1.26. **Maintenance Funds** are the accounts created for the Association receipts and disbursements pursuant to Article VI.

1.27. **Maintenance Property** means all the real property and Improvements, which are owned in fee simple by the Association, or for which the Association has rights or obligations by easement, lease, encroachment permit, license or other agreement. The Maintenance Property is "common area" as defined in Section 1351(b) of the California Civil Code. Maintenance Property Improvements may include, without limitation, streets, street lighting, and controlled access gates, which are located on real property designated herein as the Maintenance Property. Maintenance Property may also include drainage systems on public property designated by a Local Government

Agency for maintenance by the Association pursuant to this Declaration, any agreement or Recorded map.

1.28. **Manager** means the Person who provides professional community management for the Association and who may be retained to perform functions of the Association as limited by the Restrictions and the terms of the agreement between the Association and said Person.

1.29. **Martin Heights** means the Lots located along Martin Ranch Road, and intended to be subdivided by tract map into twelve (12) Lots. In addition, Martin Heights will include a five (5) acre Lot adjacent to the twelve (12) Lots subdivided by Tract Map. Martin Heights is located within the Martin Ranch Road Designated Services Area. The Martin Heights property include:

APN 924170008-7, Parcel 1 Parcel Map 022/064 Parcel Map 6859;
 APN 924240014-8, Parcel 4 Parcel Map 011/010 Parcel Map 5483; and
 APN 924240019-3, Parcel 2 Parcel Map 006/046 Parcel Map 4728.

1.30. **Master Association** means the Rancho California Highlands Association.

1.31. **Master Declaration** means the Rancho California Highlands Second Amended Protective Covenants, Recorded in Book 1981, Page 32098, in the Official Records of Riverside County, California. Declarants intend that the terms of this Declaration be consistent with those of the Master Declaration. Declarants intend that any of the provisions of this Declaration which are inconsistent with the terms of the Master Declaration shall take effect only upon (i) the termination of the Master Declaration, or (ii) a determination of any court of competent jurisdiction that such inconsistent provisions of the Master Declaration are void and unenforceable, or (iii) any action by the Master Association which voids the inconsistent provisions of the Master Declaration.

1.32. **Member** means any Person owning a Membership.

1.33. **Membership** means the property, voting and other rights and privileges of Members as provided in the Restrictions, together with the correlative duties and obligations contained therein.

1.34. **Mortgage** means any Recorded conveyance of one or more Lots, or other portions of the Properties to secure the performance of an obligation.

1.35. **Mortgagee** means a Person to whom a Mortgage is made and includes the beneficiary of a deed of trust. **Mortgagor** means a Person who mortgages his or her Lot, or other real property in the Properties to another (i.e., the maker of a Mortgage), and includes the trustor of a deed of trust.

1.36. **Notice and Hearing** means written notice and a hearing before the Board as provided in the Bylaws and this Declaration.

1.37. **Owner** means the Person or Persons holding fee simple interest of record to any Lot. The term "Owner" includes a seller under an executory contract of sale but excludes Mortgagees.

1.38. **Person** means a natural individual or any entity with the legal right to hold title to real property.

1.39. **Properties** means all of the real property encumbered by this Declaration and subject to the jurisdiction of the Association. The Properties are a "common interest development" and a "planned development" as defined in Sections 1351(c) and 1351(k), respectively, of the California Civil Code.

1.40. **Reconstruction Assessment** means a charge against the Owners and their Lots representing a portion of the Association's cost to reconstruct any Improvements on the Maintenance Property. Reconstruction Assessments will be levied in the same proportion as Common Assessments. Reconstruction Assessments are special assessments as described in California Civil Code Section 1366.

1.41. **Record, File, Recordation** means, with respect to any document, entry of such document in the office of the County Recorder.

1.42. **Reserves** are those Association funds set aside pursuant to Article VI and Section 1365.5 of the California Civil Code for funding the periodic painting, maintaining, repairing and replacing of the major components of the Maintenance Property which would not reasonably be expected to recur on an annual or more frequent basis and for payment of deductible amounts for insurance policies which the Association obtains. The amount of Reserves to be maintained by the Association will be determined annually by the Board pursuant to maintenance cost guidelines established in accordance with prudent property management practices generally applied for a "common interest development" (as defined in Section 1351(c) of the California Civil Code) in the County.

1.43. **Residence** means the dwelling intended for use and occupancy by a single Family and located on a Lot.

1.44. **Restrictions** are this Declaration, the Articles, Bylaws, the Architectural Guidelines and the Rules and Regulations.

1.45. **Rules and Regulations** are the rules and regulations adopted, amended or restated by the Board.

1.46. **Toronjo Properties** means those Lots located along Via del Toronjo, and which receive primarily vehicular and pedestrian access from Via del Toronjo. The Toronjo Properties are located in the Via del Toronjo Designated Services Area. The Toronjo Properties include:

APN 924-230-001, Parcel 2 Parcel Map 4728;
 APN 924-230-003, Parcel 4 Parcel Map 4728;
 APN 924-230-019, Parcel 1 Parcel Map 26612;
 APN 924-230-020, Parcel 2 Parcel Map 26612;
 APN 924-230-021, Parcel 3 Parcel Map 26612;
 APN 924-230-022, Parcel 4 Parcel Map 26612;
 APN 924-240-011, Parcel 1 Parcel Map 5483;
 APN 924-240-013, Parcel 3 Parcel Map 5483;
 APN 924-240-018, Parcel 2 Parcel Map 1815;
 APN 924-240-020, Parcel 1 Parcel Map 26613;
 APN 924-240-021, Parcel 2 Parcel Map 26613;
 APN 924-240-022, Parcel 3 Parcel Map 26613; and
 APN 924-240-023, Parcel 4 Parcel Map 26613.

1.47. Interpretation.

1.47.1. *General Rules.* This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a master planned community and for the maintenance of the Maintenance Property. Any violation of this Declaration is a nuisance. The Restrictions shall be interpreted so as to be consistent with applicable laws and regulations, including ordinances and regulations of the appropriate Local Governmental Agencies. The Restrictions shall be construed and governed by the laws of the State of California. The Article and Section headings have been inserted for convenience only, and may not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular includes the plural and the plural the singular; and the masculine, feminine and neuter each include the other, unless the context dictates otherwise. Except as otherwise expressly provided herein, any reference in this Declaration to time for performance of obligations or to elapsed time means consecutive calendar days, months, or years, as applicable. Exhibits "A" "B" are incorporated herein by this reference. All references made in this Declaration to statutes are to those statutes as amended or restated or to subsequently enacted replacement statutes. Unless otherwise indicated, reference to Articles, Sections and Exhibits are to Articles, Sections and Exhibits of this Declaration.

1.47.2. *Intent of Declarant.* Declarant intends that the Properties be developed for single-Family residential, agricultural and related commercial uses, all consistent with this Declaration.

1.47.3. *Relationship to Other Governing Documents.* If there are conflicts or inconsistencies between this Declaration and the Articles, Bylaws, Architectural Guidelines or Rules and Regulations then the provisions of this Declaration shall prevail.

1.47.4. *Severability.* The provisions of this Declaration are independent and severable. A determination of invalidity or partial invalidity or unenforceability of any one provision or portion of this Declaration by a court of competent jurisdiction does not affect the validity or enforceability of any other provision hereof.

Article II THE ASSOCIATION

2.1. **Organization.** The homeowners association organized to manage and maintain the Properties is or shall be incorporated under the name of "Glenoaks Ranch Estates Maintenance Association," as a corporation not for profit organized under the California Nonprofit Public Benefit Corporation Law.

2.2. **General Duties and Powers.** The Association has the duties and powers set forth in the Articles, Bylaws, and this Declaration and also has the general and implied powers of a nonprofit public benefit corporation, generally to do all things that a corporation organized under the laws of the State of California may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers set forth in the Articles, Bylaws, and this Declaration. All of the Association's powers shall be exercised by its Board of Directors except those powers reserved in specific provisions of the Articles, Bylaws, and this Declaration to the Members or Design Review Committee.

2.3. **Specific Duties and Powers.** In addition to its general powers and duties, the Association has the following specific powers and duties.

2.3.1. *Maintenance Property.* The power and duty to accept, maintain, repair and otherwise manage the Maintenance Property in accordance with the Restrictions. Said power shall include the duty to accept the easements granted to the Via Del Toronjo Road Association as Maintenance Property hereunder.

2.3.2. *Designated Service Areas.* The power and the duty to create committees of not more than three (3) Board members on each committee to manage each of the Designated Services Areas.

2.3.3. *Sewers and Storm Drains.* The power and duty to maintain any private sewer systems and any private storm drains or drainage facilities within the Maintenance Property in accordance with the Restrictions if the drains and systems are not maintained by a Local Governmental Agency or a utility company.

2.3.4. *Utilities.* The power but not the duty to obtain, for the benefit of the Maintenance Property, all commonly metered water and electric services if requested by a vote of a majority of the voting power of the Membership.

2.3.5. *Granting Rights.* The power and duty to grant exclusive or nonexclusive easements, licenses, rights of way or fee interests in portions of the Maintenance Property, to the extent any such grant is reasonably required for either (i) utilities and sewer facilities to serve the Maintenance Property, Common Area and the Lots, or (ii) purposes consistent with the intended use of the Properties as a planned development. The Board may deannex such Maintenance Property from the encumbrance of the Declaration in connection with any lawful lot line adjustment, subject to Section 14.2.5 hereof or for any valid reason approved by a majority of the Membership, including the fact that the terms of the Declaration are no longer required for the upkeep of the Maintenance Property.

2.3.6. *Negotiate Easements.* The power but not the duty to negotiate an easement to create an attractive entry to the Property from Glenoaks Road. The agreement creating the easement shall state the maintenance responsibilities of the Owner and the Association over the easement area.

2.3.7. *Insurance.* The power and duty to maintain liability and casualty insurance as provided in the Restrictions to further the purposes and protect the interests the of Association and Members.

2.3.8. *Right of Entry.* The power but not the duty to enter upon any Lot or Common Area for the purpose of inspecting any portion of the Properties. The power but not the duty, after Notice and Hearing, to enter upon any Lot or Common Area, without being liable to any Owner except for damage caused by such entry, in order to (i) enforce by peaceful means the provisions of this Declaration, or (ii) maintain or repair any Lot or Common Area if for any reason the responsible Owner fails to perform such maintenance or repair as required by the Restrictions. The cost of such enforcement, maintenance and repair shall be a Compliance Assessment enforceable as set forth herein. The Owner shall promptly pay all amounts due for such work. The costs of collection may be added, at the option of the Board, to the amounts assessed against such Owner . If an emergency occurs, such entry upon a Lot or Common Area shall be permitted without Notice and Hearing.

2.3.9. *Rules and Regulations.* The power but not the duty to establish, amend, restate, delete and create exceptions to the Rules and Regulations for the use of the Maintenance Property. Any modifications to the Rules and Regulations will become effective and binding fifteen (15) days after they are either (A) posted in a conspicuous place in the Maintenance Property or (B) sent to the Members via first class mail or by any system of technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. Rules and Regulations may be modified or repealed by the Board. Rules and Regulations may concern, without limitation, use of the Maintenance Property; signs; parking restrictions; minimum standards of property maintenance; and any other matter within the Association's jurisdiction; however, such Rules and Regulations are

enforceable only to the extent they are consistent with the Articles, Bylaws and Declaration. The Rules and Regulations must apply uniformly to all Owners.

2.3.10. *Contracts.* The power but not the duty to enter into contracts, including but not limited to the following:

(a) **Contracts for Services.** Contracts with Owners or other Persons to provide services or to maintain and repair Improvements within the Properties and elsewhere which the Association is not otherwise required to provide or maintain pursuant to the Restrictions; however, any such contract shall provide for reimbursement of the Association for the costs of providing such services or maintenance;

(b) **Community Services.** Contracts to provide various community services to the residents of the Properties;

(c) **Cost Sharing.** Contracts to share costs with any neighboring property to contribute funds for, among other things, shared or mutually beneficial property or services or a higher level of Maintenance Property maintenance;

(d) **Adjacent Owners.** Contracts with adjacent property owners to provide for preservation and maintenance of natural areas, wildlife preserves or similar conservation areas and sponsorship of education programs and activities which contribute to the overall understanding, appreciation and preservation of the natural environment within the Properties and the surrounding area.

2.3.11. *Indemnification.*

(a) **For Association Representatives.** The Association has the power and the duty to indemnify Board members, Association officers, Design Review Committee members, and all other Association committee members for all damages and pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person brought because of performance of acts or omissions which are within what the Person reasonably believed to be the scope of the Person's Association duties ("Official Acts") to the fullest extent authorized by California law. Board members, Association officers, Design Review Committee members, and all other Association committee members are deemed to be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section 2.3.9(a). The entitlement to indemnification hereunder inures

to the benefit of the successors, estate, executor, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

(b) **For Other Agents of the Association.** The Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Association for any damages and pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person because of an Official Act as authorized by California law.

(c) **Provided by Contract.** The Association also has the power, but not the duty, to contract with any Person to provide indemnification beyond the scope of indemnification authorized by law on such terms and subject to such conditions and the Board may impose.

2.3.12. **Vehicle Restrictions.** The power granted in Section 8.5 to identify Authorized Vehicles or Prohibited Vehicles and to modify the restrictions on vehicles.

2.4. **Permitted Functions.** The Association is formed exclusively for those social welfare purposes and activities which are specifically and directly related to (i) maintaining, operating and using the Maintenance Property, including the social, recreational and other Improvements thereon, (ii) collecting Assessments to finance the maintenance and use of the Maintenance Property, and (iii) administering and enforcing the Restrictions (collectively, the "Permitted Functions"). Permitted Functions do not include those activities prohibited by Section 2.5. The funds and resources of the Association shall be used exclusively for the direct costs of Permitted Functions.

2.5. **Prohibited Activities.** The Association is prohibited from undertaking or performing any of the following activities ("Prohibited Activities"), or expending or using the Association funds or resources for any Prohibited Activities.

2.5.1. **Nuisances.** Abating any annoyance or nuisance emanating from outside the physical boundaries of the Properties. This is not a limitation on the Association's ability to enforce Section 8.4 in connection with public streets within or abutting the Properties.

2.5.2. **Political Activities.** Engaging in any Federal, State or local political activities or activities intended to influence a governmental action affecting areas inside or outside the boundaries of the Properties. These activities include endorsement or support of legislative or administrative actions by a Local Governmental Agency which affect Persons or property outside the Properties, candidates for elected or appointed office, initiatives, recall elections or other ballot proposals. The Association is prohibited from conducting, sponsoring, participating in or expending funds or resources on any activity, campaign or event, including

without limitation any social or political campaign, event or activity, which does not directly and exclusively pertain to a Permitted Function.

2.5.3. *Abriding Rights.* Taking any action which is inconsistent with, or which would abrogate, any right or exemption in the Restrictions.

2.6. **Commencement of Association Maintenance Obligations.**

2.6.1. *General Rule.* The Association's obligation to maintain the Maintenance Property shall commence on the first day of the month following the date of (i) the filing of the Articles of Incorporation with the California Secretary of State, and (ii) the Recordation of this Declaration.

2.6.2. *Offers of Dedication.* Portions of the Maintenance Property may be subject to an unaccepted offer of dedication to a Local Governmental Agency for public access, use or maintenance. Maintenance Property subject to such offers of dedication shall be maintained and used by the Association and the Owners in the same manner as all other Maintenance Property until the offer of dedication is accepted. If the dedication is accepted, (i) the dedicated Maintenance Property may be maintained by the accepting Local Governmental Agency pursuant to the offer of dedication, and (ii) if the Local Government Agency accepts maintenance responsibilities, the dedicated Maintenance Property shall no longer constitute a part of the Maintenance Property. The offer of dedication may also be abandoned.

2.7. **Conveyance of Maintenance Property.** The easements held by the Via Del Toronjo Road Maintenance Association may be transferred, conveyed or assigned to the Association as Maintenance Property upon the recordation of this Declaration or at the first Board meeting of the Association. A written instrument conveying additional Maintenance Property to the Association shall be Recorded concurrently with the recording of this Declaration. Thereafter, the Association shall not sell or transfer any Maintenance Property or any portion thereof shown on the final subdivision map for Tract No. 27705 without the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest.

2.8. **Standard of Care, Nonliability.**

2.8.1. *Scope of Powers and Standard of Care.*

(a) **General Scope of Powers.** Rights and powers conferred on the Board, the Design Review Committee or other committees or representatives of the Association by the Restrictions are not duties imposed upon those Persons unless the rights and powers are explicitly identified as including duties in the Restrictions or in law. Unless a duty to act is imposed on the Board, Design Review Committee or other committees or representatives of the Association by the Restrictions or law, the Board and

the committees have the right to decide to act or not act. Any decision to not act is not a waiver of the right to act in the future.

(b) **Business Affairs.** This Section 2.8.1(b) applies to Board member actions in connection with management, personnel, maintenance and operations, insurance, contracts and finances, and Design Review Committee member actions. Each Board member shall perform the duties of a Board member in good faith, in a manner such Board member believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent Person in a like position would use under similar circumstances. When performing his duties, a Board member is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (i) One or more officers or employees of the Association whom the Board member believes to be reliable and competent in the matters presented;
- (ii) Counsel, independent accountants or other Persons as to matters which the Board member believes to be within such Person's professional or expert competence; or
- (iii) A committee of the Board upon which the Board member does not serve, as to matters within its designated authority, which committee the Board member believes to merit confidence, so long as, in any such case, the Board member acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.
- (iv) This Section 2.8.1(b) is intended to be a restatement of the business judgement rule established in law as it applies to the Association. All amendments, modifications, restatements and interpretations of the business judgment rule applicable to the Association shall be interpreted to amend, modify, restate or interpret this Section 2.8.1(b).

(c) **Enforcement Decisions.** This Section 2.8.1(c) applies to Board actions and Design Review Committee decisions in connection with interpretation and enforcement of the Restrictions, architectural and landscaping control, regulation of uses within the Properties, rule making and oversight of committees. Actions taken or decisions made in connection with these matters shall be reasonable, fair and nondiscriminatory.

2.8.2. *Nonliability.*

(a) **General Rule.** No Person is liable to any other Person (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's official acts, except to the extent that injuries or damage result from the Person's willful or malicious misconduct. No Person is liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's official acts, except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. The Association is not liable for damage to property in the Properties unless caused by the negligence of the Association, the Board, the Association's officers, the Manager or the Manager's staff.

(b) **Nonliability of Volunteer Board Members and Officers.** A volunteer Board member or volunteer Association officer shall not be personally liable to any Person who suffers injury, including without limitation bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer officer or Board member if all of the applicable conditions specified in Section 1365.7 of the California Civil Code are met.

Article III ARCHITECTURAL CONTROL

3.1. **Members of Committee.** The Design Review Committee shall be comprised of three (3) members. The initial members of the Design Review Committee shall be designated at the first meeting of the Board following the Recording of this Declaration and the Articles. Design Review Committee members appointed by the Board must be Members or agents of Members. The Design Review Committee has the right and duty to promulgate Architectural Guidelines against which to examine any request made pursuant to this Article. Board members may also serve as Design Review Committee members only if a reasonable effort is made to fill the positions on the Design Review Committee with Persons who are not Board members and a position remains vacant.

3.2. **Powers and Duties.**

3.2.1. **General Powers and Duties.** The Design Review Committee shall have the powers and duties stated in this Article III upon the termination of the Master Declaration or upon such earlier date as set by a majority of the voting power of the Members. The Design Review Committee shall consider and act upon all plans and specifications submitted for its approval under the Restrictions, including inspection of work in progress to assure conformance with plans approved by the Design Review Committee, and shall perform such other duties as the Board assigns

to it. The Design Review Committee shall not have the power to enforce the restrictions contained in the Restrictions. This power is reserved to the Board.

3.2.2. Issuance of Architectural Guidelines. The Design Review Committee shall issue and regularly update its Architectural Guidelines. The Architectural Guidelines and all changes thereto must be approved by the Board. The Architectural Guidelines shall include procedures for submitting plans for approval, may require a fee to accompany each application for approval, and may identify additional factors which the Design Review Committee will consider in reviewing submissions as a part of its Architectural Guidelines. The Design Review Committee may provide that fees it imposes be uniform, or that fees be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or installations contemplated. The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. The Architectural Guidelines shall contain at least the following requirements: (a) the minimum floor area of any Residence to be constructed shall be two thousand four hundred (2400) square feet; (b) the minimum floor area of any garage shall be seven hundred fifty (750) square feet and shall accommodate a minimum of three vehicles; and (c) all driveways shall be constructed to a minimum width of twelve (12) feet.

3.2.3. Retaining Consultants. The Design Review Committee has the power but not the duty to retain Persons to advise the Design Review Committee in connection with decisions; however, the Design Review Committee does not have the power to delegate its decision-making power.

3.3. Right of Appointment. The Board may appoint and remove all members of the Design Review Committee. Design Review Committee members appointed by the Board must be Members of the Association at all times during their service on the Design Review Committee, and shall serve for a term of one (1) year or until their respective successors are appointed.

3.4. Review of Plans and Specifications.

3.4.1. Improvements Requiring Approval. No construction, installation or alteration of an Improvement, including landscaping, in the Properties by an Owner may be commenced until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location thereof have been submitted to and approved in writing by the Design Review Committee; however, any Improvement may be repainted without Design Review Committee approval so long as the Improvement is repainted the identical color which it was last painted. Without limiting the generality of the foregoing, the provisions of this Article apply to the construction, installation and alteration of solar energy systems, as defined in

Section 801.5 of the California Civil Code, subject to the provisions of California Civil Code Section 714, the City or County Building Code, applicable zoning regulations, and associated City or County ordinances.

3.4.2. *Application Procedure.* Until changed by the Design Review Committee, the address for submission and specifications is the Association's principal office. The form of application used by the Design Review Committee shall include spaces allowing "Adjacent Owners" to sign or initial the application confirming that they have been notified of the application. The Design Review Committee shall establish a definition of "Adjacent Owners" in its Architectural Guidelines for use by the Design Review Committee. Applications will be complete even if all of the Adjacent Owners do not initial the applications so long as the Applicant certifies that the Applicant requested that the Adjacent Owners sign the applications.

If the Design Review Committee receives plans and specifications it determines are not complete, the Design Review Committee may reject the application for approval. The Design Review Committee shall give notice of its decision and the reasons therefor to the Owner submitting the plans and specifications ("Applicant") at the address set forth in the application for approval within forty-five (45) days after the Design Review Committee receives all required materials. Any application submitted pursuant to this Section shall be deemed approved unless the Design Review Committee gives notice of written disapproval or a request for additional information or materials to the Applicant within forty-five (45) days after the date the Design Review Committee receives all required materials.

3.4.3. *Standard for Approval.* The Design Review Committee shall approve plans and specifications submitted for its approval only if it determines that (a) the installation, construction or alteration contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures, (c) the installation, construction or alteration will not detract from the beauty, wholesomeness and attractiveness of the Maintenance Property or the enjoyment thereof by the Members, and, if applicable, (d) the maintenance thereof will not become a burden on the Association.

The Design Review Committee may condition its approval of proposals or plans and specifications for any Improvement upon any of the following: (1) the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Properties as a result of such work, (2) such changes therein as the Design Review Committee considers appropriate, (3) (if applicable) the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) the Applicant's agreement to install (at its sole cost) water,

gas, electrical or other utility meters to measure any increased consumption, (5) (if applicable) the Applicant's agreement to reimburse the Association for the cost of such maintenance, or (6) the Applicant's agreement to complete the proposed work within a stated period of time. The Applicant shall meet any review or permit requirements of Local Governmental Agencies prior to making any construction, installation or alterations permitted hereunder.

3.5. Meetings of the Design Review Committee. The Design Review Committee shall meet as necessary to perform its duties. The vote or written consent of a majority of the Design Review Committee constitutes an act of the Design Review Committee.

3.6. No Waiver of Future Approvals. The Design Review Committee's approval of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any matter requiring the Design Review Committee's approval does not waive any right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently submitted for approval.

3.7. Compensation of Members. The Design Review Committee's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred in performing their duties.

3.8. Inspection of Work. The Design Review Committee or its duly authorized representative may inspect any work for which approval of plans is required under this Article ("Work"). The right to inspect includes the right to require any Owner to take such action as is necessary to remedy any noncompliance with the Design Review Committee-approved plans for the Work or with the requirements of the Restrictions ("Noncompliance").

3.8.1. Time Limit. The Design Review Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the Design Review Committee has received written notice from the Owner that the Work has been completed if the Work has, in fact, been completed. If the Design Review Committee fails to give the Owner a notice of Noncompliance before this time limit expires, the Work shall be deemed to comply with the approved plans.

3.8.2. Remedy. If an Owner fails to remedy any Noncompliance within sixty (60) days after the date of notification from the Design Review Committee, the Design Review Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove it within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the ruling within that period, the Board may Record a Notice of Noncompliance (if allowed by law)

and commence an alternate dispute resolution procedure or a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

3.9. Scope of Review. The Design Review Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed construction, installation or alteration solely on the basis of aesthetic considerations, consistency with the Restrictions, height of landscaping materials at maturity, and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The Design Review Committee shall consider the aesthetic aspects of the Architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Design Review Committee is not responsible for reviewing, nor may its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with law.

3.10. Variance. The Design Review Committee may authorize variances from compliance with any of the architectural and landscaping provisions of the Restrictions, including without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by a majority of the Design Review Committee, and become effective upon Recordation. The Board must approve any variance recommended by the Design Review Committee before any such variance becomes effective. The Design Review Committee and Board, respectively, may approve temporary variances to accommodate temporary conditions (temporary is defined herein to mean a period of not more than six (6) months) and such temporary variances need not be recorded to become effective. If a variance is granted, no violation of the covenants, conditions and restrictions contained in the Restrictions shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance does not waive any of the terms and provisions of the Restrictions for any purpose except as to the particular property and particular provision hereof covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of his Residence or Lot.

3.11. Pre-Approvals. The Design Review Committee may authorize pre-approval of certain specified types or classes of construction activities if, in the exercise of the Design Review Committee's judgment, preapproval of such types or classes of Improvements is appropriate in carrying out the purposes of the Restrictions.

3.12. Appeals.

3.12.1. Persons Who Have Appeal Rights. Only the applicant may appeal an application that has been rejected. "Adjacent Owners" as defined in Section 3.4.2 and the Applicant are the only Persons who have the right to appeal any approved application. The Persons granted appeal rights by this Section 3.12.1 are referred to in Sections 3.12.2 and 3.12.3 as "Appellants."

3.12.2. *Appeals Procedure.* Appellants have the right to appeal decisions by the Design Review Committee to the Board of Directors of the Association. Appellants' rights to file appeals terminate at 5:00 p.m. on the day that is ten (10) business days after the date the Applicant's application has been approved by the Design Review Committee. Appellants have the responsibility to determine when an application has been approved. Neither the Board nor the Design Review Committee has any duty to ensure that approvals are communicated to all potential Appellants. Decisions made by the Association Board are not appealable. This limit on appeals from Association Board decisions is not a limit on the Association Board's ability to amend or modify a decision it has issued under circumstances it considers appropriate. The Board may adopt policies and procedures for implementing the process of appealing Design Review Committee decisions to the Board.

3.13. **Exemptions.** This Article III shall not apply to any Lot or contiguous Lots constituting twenty (20) acres or more when owned by a single Owner. This Article shall thereafter become immediately applicable whenever any exempted Lots or contiguous Lots are subdivided into less than twenty (20) acre individual Lots or less than twenty (20) acres of contiguous Lots owned by a single Owner. In addition, the following structures shall forever be exempt from the review required by this Article III: the barn and adjoining permanent structures located on APN 924170008-7, Parcel 1 PM 022/064 Parcel Map 6859. In addition, the existing mobile home and adjoining structures located on APN 924240019-3 Parcel 2 PM 006/046 Parcel Map 4728 shall be exempt from Article III until the exemption is revoked by a majority vote of the Directors after the following conditions are met:

3.13.1. The parcel upon which they are located is sold and the new owner requests revocation of the exemption,

3.13.2. An adjoining parcel in Glenoaks Ranch Estates is sold and the owner of such adjacent parcel requests the revocation of the exemption.

Article IV OWNERS' MEMBERSHIP AND VOTING RIGHTS

4.1. **Membership.** Every Owner shall automatically be a Member and shall remain a Member until such Owner's Lot ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot is the sole qualification for Membership.

4.2. **Transfer of Memberships.** The Membership of any Owner may not be transferred, pledged or alienated in any way, except upon the transfer or encumbrance of such Owner's Lot, and then only to the transferee or Mortgagee of such Lot. A prohibited transfer is void and will not be reflected upon the books and records of the Association. A Member who has sold his Lot to a contract purchaser under an agreement to purchase may delegate his Membership rights to the contract purchaser. The delegation must be in writing and must be delivered to the Board before the contract purchaser may vote. The contract seller shall remain liable for all charges and Assessments

attributable to the contract seller's Lot which accrue before fee title to the Lot is transferred. If an Owner fails or refuses to transfer his Membership to the purchaser of such Owner's Lot upon transfer of fee title thereto, the Board may record the transfer upon the Association's books. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser will not be entitled to vote at Association meetings.

4.3. Voting Rights.

4.3.1. *General Rule.* The Members of the Association have the following voting rights: Members are entitled to one (1) vote for each Lot owned and subject to Assessment as further provided herein. All voting rights are subject to the Restrictions.

4.3.2. *Co-Ownership.* When more than one (1) Person holds an ownership interest in any Lot ("co-owner"), all such co-owners are Members and may attend any Association meetings, but only one (1) such co-owner shall be entitled to exercise the vote to which the Lot is entitled. Co-owners owning the majority interests in a Lot may designate in writing one (1) of their number to vote. The votes for each Lot shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if the designation has been revoked, the vote for the Lot shall be exercised as the co-owners owning the majority interests in the Lot agree. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with his co-owners' consent. No vote may be cast for any Lot if the co-owners present in Person or by proxy owning the majority interests in such Lot fail to agree to said vote or other action. The nonvoting co-owner or co-owners are jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and are entitled to all other benefits of Membership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Articles, Bylaws and Declaration are binding on all Owners and their successors in interest.

Article V

OWNERS' PROPERTY RIGHTS AND EASEMENTS

5.1. *Owners' Easements of Enjoyment.* Every Owner has a right and easement of ingress and egress and of enjoyment in, to and over the Maintenance Property. Each such easement is appurtenant to and shall pass with title to every Lot, subject to the following. Unless otherwise indicated, the rights of the Association described below may be exercised by the Board.

5.1.1. *Association Exercise of Powers.* The Association's exercise of its powers granted in Sections 2.2 and 2.3.

5.1.2. *Suspension of Privileges.* The Association's right to enforce provisions of the Restrictions by suspending the Membership rights and other rights and easements of any Owner (and of the Persons deriving rights and easements from an Owner) to use the Maintenance Property, facilities and Improvements in accordance with the Notice and Hearing procedure established in the Bylaws.

5.1.3. *Transfer of Property.* Subject to the limits established in other Sections of this Declaration and the approval of the County in accordance with Section 13.2.5 hereof, the Association's right to transfer all or a part of the Maintenance Property for such purposes and subject to such conditions as are approved by the Members.

5.1.4. *Maintenance Property.* The Association's right to maintain, repair, reconstruct, replace or refinish any Improvement or portion thereof on the Maintenance Property.

5.1.5. *Restricting Access.* The Association's right to reasonably restrict access to areas of the Maintenance Property designated by the Board.

5.1.6. *Access to Public.* The Association's right to make portions of the Maintenance Property available for use by Persons who are not residents or Owners in the Properties on such terms and at such times as are negotiated by the Association.

5.1.7. *Other Easements.* The easements reserved in the other Sections of this Article.

5.2. **Easements for Vehicular/Pedestrian Traffic.** Declarants reserve, for the benefit of all Owners, nonexclusive easements appurtenant to all the Lots and Common Area in the Properties for vehicular and pedestrian traffic over the private streets and walkways within the Maintenance Property, subject to the parking provisions in Section 8.5.

5.3. **Easements for Public Service Use.** Declarants reserve easements over the Properties for public services of the Local Government Agencies, including but not limited to, the right of law enforcement and fire protection personnel to enter upon any part of the Properties for the purpose of carrying out their official duties.

5.4. **Easements for Water and Utility Purposes.** Declarants reserve easements over the Properties for public and private utility purposes, including but not limited to, the right of any public utility or mutual water district of ingress or egress over the Maintenance Property for purposes of reading and maintaining meters, and using and maintaining fire hydrants located in the Properties.

5.5. **Miscellaneous Easements.** Declarants reserve the following easements for the benefit of all of the Properties, and for the benefit of all of the Owners:

5.5.1. *Utilities.* Reciprocal, nonexclusive easements over all Lots, Condominiums, Common Area and the Maintenance Property, for installation, maintenance and repair of utility services.

5.5.2. *Drainage.* Reciprocal, nonexclusive easements for drainage of water over, across and upon Lots, Common Areas and Maintenance Property resulting from the normal use of the Lots, Common Areas or Maintenance Property.

5.5.3. *Easements on Maps.* Easements as shown on any Recorded subdivision map or Recorded parcel map of any portion of the Properties.

5.5.4. *Encroachments.* Easements for minor encroachment and maintenance if any Improvement in a Lot or Common Area encroaches upon the Maintenance Property and Improvements or if Maintenance Property Improvements encroach upon any Lot or Common Area as a result of construction or reconstruction approved by the Design Review Committee, repair, shifting, settlement or movement of any portion of the Properties.

5.6. **Delegation of Use.** Any Owner entitled to use the Maintenance Property may delegate the Owner's rights to such Owner's tenants, contract purchasers or subtenants who reside in such Owner's Residence, subject to reasonable regulation by the Board. Each Owner may delegate his or her right to use the Maintenance Property to a farm manager and farm employees for the purposes of carrying on the business of commercial farming for so long as such business is practiced on the Property.

5.7. **Waiver of Use.** No Owner may exempt himself from personal liability for Assessments levied by the Association, nor release his Lot from the liens and charges hereof, by waiving use of the Maintenance Property or any facilities thereon or by abandoning such Owner's Lot.

5.8. **Taxes.** Each Owner shall take such action as the Association may reasonably require to obtain separate real estate tax assessment of each Lot. If any taxes or assessments may, in the Association's opinion, become a lien on the Maintenance Property or any part thereof, the Association may pay them as a Common Expense and charge the Association's costs to the appropriate Owners as a Designated Services Area Assessment Component of the Owners' Common Assessments.

Article VI ASSESSMENT COLLECTION

6.1. **Creation of Assessment Obligation.** Declarants hereby covenant to pay, and each Owner is deemed to covenant to pay to the Association (a) Common Assessments, (b) Capital

Improvement Assessments, (c) Compliance Assessments, (d) Extraordinary Assessments, and (e) Reconstruction Assessments. Except as provided in this Section, all Assessments (other than certain Compliance Assessments), together with interest, costs and reasonable attorneys' fees for the collection thereof, are a charge and can become a lien upon the Lot against which such Assessment is made. Each Assessment (including Compliance Assessments), together with interest, costs and reasonable attorneys' fees, is also the personal obligation of the Person who was the Owner of the Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments may not pass to any new Owner unless expressly assumed by the new Owner.

6.2. Maintenance Funds. The Maintenance Funds may be established as trust accounts at a banking or savings institution and may be combined so long as reserve funds are not combined with operating funds and the funds are treated as separate funds for accounting purposes. The Board shall budget, establish and maintain at least the following accounts (the "Maintenance Funds") into which shall be deposited all money paid to the Association, and from which disbursements shall be made, as provided herein, in the Association's performance of its functions:

6.2.1. General Operating Fund. A General Operating Fund for current expenses of the Association, exclusive of current expenses attributable to the Designated Services Areas, if any.

6.2.2. General Reserve Fund. An adequate General Reserve Fund for the deposit of Reserves attributable to Improvements within the Maintenance Property, exclusive of Reserves attributable to the Designated Services Areas, if any.

6.2.3. Designated Services Area Operating Fund. For each Designated Services Area, a separate Designated Services Area Operating Fund for current expenses of the Designated Services Area.

6.2.4. Designated Services Area Reserve Fund. For each Designated Services Area, a separate Designated Services Area Reserve Fund for the deposit of Reserves attributable to the Designated Services Area.

6.2.5. Miscellaneous Maintenance Funds. Any other Maintenance Funds which the Board of Directors may deem necessary.

6.3. Purpose of Assessments. Assessments and any other amounts deposited into the Maintenance Funds shall be used exclusively to (a) promote the Owners' health, recreation and welfare, (b) improve and maintain the Maintenance Property, and (c) discharge any other Association obligations under the Articles, Bylaws or Declaration. Disbursements from the particular Maintenance Funds shall be limited to specific purposes as follows:

6.3.1. General Operations. Disbursements from the General Operating Fund shall be made for payment of Common Expenses for the common benefit of all Owners.

6.3.2. *General Reserves.* Disbursements from the General Reserve Fund shall be made solely for payment of those Reserve expenditures which are not Budgeted to a Designated Services Area.

6.3.3. *Designated Services Area Operations.* Disbursements from each Designated Services Area Operating Fund shall be made solely for payment of the current operating Common Expenses of the Designated Services Area for which the fund was created.

6.3.4. *Designated Services Area Reserves.* Disbursements from each Designated Services Area Reserve Fund shall be made solely for payment of Reserve expenditures attributable to the Designated Services Area for which the fund was created.

6.4. *Assessment Components, Rates and Exemptions.* Each annual Common Assessment is an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts of prospective deposits into the General Operating and Reserve Funds, Designated Services Area Operating and Reserve Funds, and any other Maintenance Fund established by the Association. Common Assessments shall be assessed against the Owners of Lots equally (i.e., the total cost of Common Expenses shall be divided by the number of Lots). When additional Lots are created by a subdivision of any Lot ("New Lots"), the Common Assessment shall be reallocated for equal distribution of said expenses on the first day of the month following the close of escrow for the sale of a New Lot.

6.4.1. *General Assessment Component.* The General Assessment Component is composed of Common Expenses of the Association exclusive of Common Expenses Budgeted to the Designated Services Areas and shall be allocated among all of the Residential Area Lots, Commercial Area Lots and any other areas in the Properties, based upon the number of Assessment Units chargeable to each Lot and Residence. The proportionate share of the General Assessment Component of Common Expenses chargeable to Residential Area, Commercial Area Lots and other area Lots shall be a fraction, the numerator of which shall be the number of Assessment Units allocated to such Residence or Lot, and the denominator of which shall be the total number of Assessment Units allocated to all Residential Area, Commercial Area Lots and other area Lots in the Properties.

6.4.2. *Designated Services Area Assessment Component.* The Designated Services Area Assessment Component is that portion of the Common Expenses of the Association composed of Designated Services Area Operating and Reserve Funds Budgeted exclusively to any particular Designated Services Area and shall be assessed to the Lots designated herein as Lots to which the exclusive or disproportionate maintenance of such Designated Services Area has been allocated. Unless otherwise provided herein, the proportionate share of the Designated Services

Area Assessment Component of Common Expenses chargeable to each Lot located in such Designated Services Area shall be a fraction, the numerator of which shall be the number of Assessment Units allocated to the Lot in the Designated Services Area, and the denominator of which shall be the total number of Assessment Units allocated to all Lots located in such Designated Services Area.

6.4.3. *Level Assessments.* Common Assessments shall be levied against the Owners of Lots in the Properties in the amounts as set forth in the Association Budget accepted by the Board within thirty (30) days of its first meeting.

6.5. Limitations on Common Assessment Increases.

6.5.1. *Increases in the General Assessment Component.* For purposes of this Section 6.5 and Section 6.6, an "Increase Election" means a vote by written ballot of the Members with (i) a quorum requirement of fifty percent (50%) of the Members, and (ii) the minimum number of Members required to approve an action being a majority of the quorum. Sections 6.5.1(a) and 6.5.1(b) do not limit increases in the General Assessment Component necessary for addressing an "Emergency Situation" as defined in Section 6.5.4(c).

(a) **Maximum Authorized Increase for Initial Year of Operations.** During the Fiscal Year in which Common Assessments commence, the Board may increase the General Assessment Component so that it exceeds one hundred twenty percent (120%) of the General Assessment Component disclosed for the Properties in the most current Budget approved by the Board at the time Common Assessments commence only if the Board first obtains the approval of Members in an Increase Election.

(b) **Maximum Authorized Increase for Subsequent Fiscal Years.** After the Fiscal Year in which Common Assessments commence, the Board may increase the General Assessment Component so that it exceeds the General Assessment Component for the immediately preceding Fiscal Year only as follows:

- (i) If the increase in the General Assessment Component is less than or equal to twenty percent (20%) of the General Assessment Component for the immediately preceding Fiscal Year, then the Board must either (a) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code, or (b) obtained the approval of the Members casting a majority of votes in an Increase Election; and

- (ii) If the increase in the General Assessment Component is greater than twenty percent (20%) of the General Assessment Component for the immediately preceding Fiscal Year, then the Board must obtain the approval of Members casting a majority of votes in an Increase Election.

6.5.2. Increases in the Designated Services Area Component. For purposes of this Section 6.5 and Section 6.6, a "Special Benefit Increase Election" means a vote of the Members in the Designated Services Area with (i) a quorum requirement of fifty percent (50%) of the Members in the Designated Services Area, and (ii) the minimum number of Members required to approve an action being a majority of the quorum. Sections 6.5.2(a) and 6.5.2(b) do not limit increases in any Designated Services Area Component necessary for addressing an "Emergency Situation" as defined in Section 6.5.4(c).

(a) **Maximum Authorized Increase for Initial Year of Operations.** During the Fiscal Year in which Common Assessments commence, the Board may increase any Designated Services Area Component so that it exceeds one hundred twenty percent (120%) of the Designated Services Area Component disclosed for the Properties in the most current Budget approved by the Board at the time Common Assessments commence only if the Board first obtains the approval of Members in a Special Benefit Increase Election.

(b) **Maximum Authorized Increase for Subsequent Fiscal Years.** After the Fiscal Year in which Common Assessments commence, the Board may increase any Designated Services Area Component so that it exceeds the Designated Services Area Component for the immediately preceding Fiscal Year only as follows:

- (i) If the increase in the Designated Services Area Component is less than or equal to twenty percent (20%) of the Designated Services Area Component for the immediately preceding Fiscal Year, then the Board must either (a) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code, or (b) obtained the approval of the Members casting a majority of votes in a Special Benefit Increase Election; and
- (ii) If the increase in the Designated Services Area Component is greater than twenty percent (20%) of the Designated Services Area Component for the immediately preceding Fiscal Year, then the Board must obtain the approval of Members casting a majority of votes in a Special Benefit Increase Election.

6.5.3. *Combined Increases.*

(a) **Maximum Authorized Increase for Initial Year of Operations.** During the Fiscal Year in which Common Assessments commence, the Board may increase the Common Assessment for any Designated Services Area so that it exceeds one hundred twenty percent (120%) of the amount of the Common Assessment disclosed for such Designated Services Area in the most current Budget approved by the Board at the time Common Assessments commence only if the Board first obtains the approval of Members in a Special Benefit Increase Election.

(b) **Maximum Authorized Increase for Subsequent Fiscal Years.** After the Fiscal Year in which Common Assessments commence, the Board may increase the Common Assessment for any Designated Services Area so that it exceeds the Common Assessment for the immediately preceding Fiscal Year only as follows:

- (i) If the increase in the Common Assessment for any Designated Services Area is less than or equal to twenty percent (20%) of the Common Assessment for such Designated Services Area for the immediately preceding Fiscal Year, then the Board must either (a) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code, or (b) obtained the approval of the Members casting a majority of votes in a Special Benefit Increase Election; and
- (ii) If the increase in the Common Assessment for any Designated Services Area is greater than twenty percent (20%) of the Common Assessment for such Designated Services Area for the immediately preceding Fiscal Year, then the Board must obtain the approval of Members casting a majority of votes in a Special Benefit Increase Election.

6.5.4. *Provisions Applicable to All Components of Common Assessments.*

(a) **Supplemental Common Assessments.** If the Board determines that Common Expenses may be properly paid by collection of a Common Assessment in an amount less than the maximum authorized Common Assessment, the Board may levy a Common Assessment which is less than the maximum authorized amount. If the Board determines that the Common Assessment being collected is or will become inadequate to pay all Common Expenses, the Board shall immediately determine the approximate

amount of the inadequacy and levy a supplemental Common Assessment, subject to the limitations described in subsections 6.5.1, 6.5.2 and 6.5.3 above.

(b) **Emergency Situations.** An "Emergency Situation" is any one of the following:

- (i) An extraordinary expense required by an order of a court;
- (ii) An extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Association is responsible where a threat to personal safety on the Properties are discovered; and
- (iii) An extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Prior to the imposition or collection of an Assessment pursuant to this Subsection 6.5.4(c), the Board shall adopt a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the Notice of Delinquent Assessment.

6.6. Special Assessments.

6.6.1. *Authorization.* The Board may levy, in any Fiscal Year, a Capital Improvement Assessment, Reconstruction Assessment or Extraordinary Assessment (each, a "Special Assessment" for purposes of this Section 6.6) applicable to that Fiscal Year only for purposes authorized in this Declaration.

6.6.2. *Limit on Special Assessments for Improvements Outside of Designated Services Areas.* No Special Assessment in any Fiscal Year for an Improvement not included in a Designated Services Area which, if added to the Special Assessments already levied during such Fiscal Year (excluding Special Assessments for Designated Services Areas), exceed five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year (excluding Budgeted gross expenses for Designated Services Areas), may be levied without the vote or written consent of Members casting a majority of votes at an Increase Election unless the Special Assessments are necessary for addressing an Emergency Situation as defined in Section 6.5.4(c).

6.6.3. Limit on Assessments for Improvements In Designated Services Areas. No Special Assessments in any Fiscal Year for an Improvement in a Designated Services Area which, if added to the Special Assessments already levied during such Fiscal Year solely for that Designated Services Area, exceed five percent (5%) of the Association's Budgeted gross expenses for the Designated Services Area for such Fiscal Year, may be levied without the vote or written consent of Members casting a majority of votes at a Special Benefit Increase Election unless the Special Assessments are necessary for addressing an Emergency Situation as defined in Section 6.5.4(c).

6.6.4. Combined Assessments. If any Special Assessments for a Designated Services Area when added to Special Assessments for the current Fiscal Year cause the total amount of Special Assessments to exceed five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year, then the Special Assessments for the Designated Services Area must be approved in a Special Benefit Increase Election unless the Special Assessments are necessary for addressing an Emergency Situation as defined in Section 6.5.4(c).

6.7. Commencement of Common Assessments. Common Assessments shall commence as to each Lot on the first day of the first month following Recordation of this Declaration and the Articles.

6.8. Collection of Common Assessments. The Board shall fix the amount of the Common Assessment against each Lot at least thirty (30) days in advance of each Common Assessment period. Written notice of any change in the amount of any Common Assessment, Capital Improvement Assessment or Reconstruction Assessment shall be sent via first-class mail to every Owner subject thereto not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due. The due dates shall be established by the Board. The Association shall, upon demand and for a reasonable charge, furnish a certificate setting forth whether the Assessments on a specified Lot have been paid. A properly completed certificate as to the status of Assessments against a Lot is binding upon the Association as of the date of its issuance. The Association may use any method of collecting Assessments allowed by law including charging credit cards or electronic transfers. At the Association's discretion, the additional cost of any method of collection may be collected from the Owner electing the method of collection and does not have to be divided equally among all Owners.

Each installment of Common Assessments may be paid by the Member to the Association in one payment or in separate payments attributable to specified Maintenance Funds. If any payment of a Common Assessment installment is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the payment received by the Association from that Member shall be credited in order of priority first to the General Operating Fund until that portion of the Common Assessment has been satisfied, then to any applicable Designated Services Area Operating Fund until that portion of the Common Assessment has been satisfied, then to the General Reserve Fund until that portion of the Common Assessment has been

satisfied, then to any applicable Designated Services Area Reserve Fund until that portion of the Common Assessment has been satisfied, then to any other Maintenance Funds established by the Association.

6.9. **Exempt Property.** The following property is exempt from Assessments imposed pursuant to this Declaration:

6.9.1. **Public Property.** All portions of the Properties dedicated to and accepted by a Local Government Agency.

6.9.2. **Maintenance Property.** The Maintenance Property. No reduction will be made to the Assessment against any Lot due to the fact that some portion of the Lot includes Maintenance Property.

6.9.3. **Common Area.** All Common Area.

Article VII MAINTENANCE OBLIGATIONS

7.1. **Maintenance Obligations.** Each Owner of a Lot shall maintain his Residence and Lot in accordance with this Section 7.1.

7.1.1. **General Responsibilities.** Each Owner, at the Owner's sole expense, subject to the provisions of the Restrictions requiring Design Review Committee approval, shall maintain, repair, replace and restore all Improvements located on the Owner's Lot and the Lot itself, including all trees and vegetation located thereon, in a neat, sanitary and attractive condition. Such maintenance responsibilities include, but are not limited to, the maintenance of the entire Residence, as well as any fence or wall constructed on the Lot along the Lot Line abutting any Maintenance Property and of the trees located on the Lot so as not to threaten the health of the orchards located in the agricultural area. Each Owner whose Lot utilizes a private drainage system is responsible for its maintenance and repair if the maintenance thereof has not been assumed by the Association. Each Owner whose Lot utilizes a sewer system lateral is responsible for the maintenance and repair of that portion of the lateral which exclusively serves such Owner's Lot. Each Owner whose Lot utilizes a private septic tank sewage system is responsible for the operation, maintenance and repair of such system. If any Owner permits any Improvement which such Owner is responsible for maintaining to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate the Restrictions, the Board may seek any remedies at law or in equity which it may have. Said cost shall be a Compliance Assessment enforceable as set forth herein, unless the parties agree that the cost shall constitute a Designated Services Area Assessment Component.

7.1.2. *Insurance Obligations.* Each Owner is also responsible for carrying public liability insurance in the amount such Owner deems desirable to cover such Owner's individual liability for damage to Person or property occurring inside such Owner's Residence or elsewhere upon such Owner's Lot.

7.1.3. *Damage to Residences-Reconstruction.* If all or any portion of any Lot or Residence is damaged or destroyed by fire or other casualty, the Owner of such Lot shall either (i) rebuild, repair or reconstruct the Lot and the Residence thereon in a manner which will restore them substantially to their appearance and condition immediately prior to the casualty or as otherwise approved by the Design Review Committee, or (ii) install landscaping on the Lot without rebuilding the Residence as approved by the Design Review Committee. The Owner of any damaged Lot or Residence and the Design Review Committee shall proceed with all due diligence, and the Owner shall cause construction or landscaping to commence within six (6) months after the damage occurs and to be completed within twelve (12) months after damage occurs, unless prevented by causes beyond such Owner's reasonable control. A transferee of the Lot which is damaged or upon which is located a damaged Residence shall commence and complete construction or landscaping in the respective periods which would have remained for the performance of such obligations if the Owner of the Lot at the time of the damage still held title to the Lot. However, no such transferee may be required to commence or complete such construction in less than thirty (30) days from the date such transferee acquired title to the Lot.

7.1.4. *Agricultural Areas and Associated Maintenance.* Each Owner of a Lot which includes Agricultural Areas (as defined in Section 14.2) with orchards or horticultural uses shall maintain, repair, replace and restore all orchards, trees and other plant life located on the Owner's Lot in a neat, sanitary and attractive condition. While orchards are being maintained on the Properties, each Owner who has trees on his Lot shall maintain said trees in a manner so as not to pose a threat to the Agricultural Areas in the Properties. Each Owner shall respond to infestations of any pests infecting the trees and various other pests, such as thrips, mites, scale, ants, gophers, rats, etc., as well as airborne and water based pathogens by using eradication methods similar to those used by commercial orchards. If there is a disagreement among Owners in the Properties regarding the method of eradication, the Owners involved in the disagreement shall seek the advice of a professional farm manager, entomologist, or County farm advisor agreed upon by said Owners and shall be bound to follow the method advised as soon as reasonably possible. In the case of an emergency, defined to include any event which would cause damage to the orchards if not remedied in less than three (3) days, the Association shall have the right to enter any Lot and remedy the problem in a manner proscribed by commercial orchards. In the event that any Owner decides to no longer maintain the trees on his Lot, the Owner shall remove said trees and landscape the area in accordance with the requirements of Article III herein.

7.1.5. **Party Walls.** Each wall or fence which is placed on the dividing line between the Lots (the "Party Wall") is a party wall, and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions apply thereto.

(a) **Sharing of Repair and Maintenance.** The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots connected by such Party Wall. However, each Owner shall be solely responsible for repainting the side of any Party Wall facing his Lot.

(b) **Destruction by Fire or Other Casualty.** Unless covered by a blanket insurance policy maintained by Association, if a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot is affected thereby may restore it, and the Owner of the other Lot which is affected thereby shall contribute equally to the cost of restoration thereof without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

(c) **Damage.** An Owner who by his negligent or willful act causes a Party Wall to require repair or replacement shall bear the whole cost of the necessary repairs or replacement.

(d) **Right to Contribution Runs With Land.** The right of any Owner to contribution from any other Owner under this subsection is appurtenant to each Owner's Lot and passes to such Owner's successors in title.

7.2. Maintenance Obligations of Association.

7.2.1. **Responsibilities.** After completion of the Improvements on the Maintenance Property by the Owners, no change to any Improvement may be made by any Person other than Association, or its authorized agents. Unless otherwise expressly provided in this Declaration, upon commencement of Common Assessments on the Lots, the Association shall maintain, repair and replace all Improvements on the Maintenance Property, including but not limited to, certain landscaping, sewers, storm drains, access gates and all streets in the Properties, in an attractive condition and in good order and repair, and shall likewise provide for the commonly metered utilities serving the Maintenance Property, if any. The Board shall determine, in its sole discretion, the level and frequency of maintenance of the Maintenance Property. Association may add or remove any landscaping

Improvements to or from the Maintenance Property and keep the landscaping thereon free of weeds and disease.

7.2.2. *Inspection.* The Board shall have the Maintenance Property and all Improvements thereon inspected at least once every three (3) years in order to (a) determine whether the Maintenance Property is being maintained in accordance with the standards of maintenance established in the Restrictions, (b) identify the condition of the Maintenance Property and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (c) recommend preventive actions to reduce potential maintenance costs to be incurred in the future. The Board may employ such experts and consultants as necessary to perform the inspection and make the report required by this Section. The Board shall prepare a report of the results of the inspection required by this Section. The report shall be furnished to Owners within the time set forth for furnishing Owners with the Budget. The report must include at least the following:

- (a) a description of the condition of the Maintenance Property, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;
- (b) a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;
- (c) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;
- (d) a summary of all reports of inspections performed by any expert or consultant employed by the Board to perform inspections;
- (e) a report of the status of compliance with the maintenance, replacement and repair needs set forth in the inspection report for preceding years; and
- (f) such other matters as the Board deems appropriate.

7.2.3. *Damage to Maintenance Property.* After Notice and Hearing, the Board may levy the cost of any maintenance, repairs or replacements by the Association within the Maintenance Property arising out of or caused by the willful or negligent act of an Owner, or other Person as a Compliance Assessment against the responsible Owner.

**Article VIII
USE RESTRICTIONS**

The Properties are restricted to agricultural uses, defined to include orchards and horticultural uses, and single family residential uses. The Properties shall be held, used and enjoyed subject to the following restrictions.

8.1. Single Family Residence. Each Residence shall be used only for a single Family and for no other purpose. An Owner may rent his Residence to a single Family provided that the Residence is rented pursuant to a lease or rental agreement which is (a) in writing and (b) subject to all of the provisions of the Restrictions. Servants', employees' or guests' quarters may be constructed and maintained, but no paying guest or tenant quarters may be constructed or maintained, except as specifically approved in writing by the Board in advance. All construction and use of any such quarters must be in compliance with all applicable County or other governmental agency codes, ordinances and regulations.

8.2. Agricultural Area Protections. Notwithstanding any provision in this Declaration to the contrary, Declarants and all Owners who accept a deed to a Lot encumbered by this Declaration acknowledge that the County has a "right to farm" ordinance and that no Owner may take any actions that may cause significant detriment to the agricultural pursuits of other Owners of Lots in the Properties. Declarants and said Owners further acknowledge and agree that chemical spraying may be required to protect the orchards and that said spraying may be applied by helicopter and/or fixed wing aircraft at any hour of the day or night. The following considerations shall be paramount when making a determination of the type of chemical and method of delivery: (i) safety of individuals; (ii) safety of the public; and (iii) requirements for successful farming. For the purpose of this Section, the use of registered products shall be conclusively presumed to be safe when such products are applied following specified application procedures and when the re-entry interval requirements are complied with.

8.3. Protected Canyon. Owners of Lots shown on tentative tract map No. 27705 as parcels 9, 10, 11, 12 and NAP shall be subject to the Environmental Constraints imposed by the final tract map over the southeast portion of each Lot as shown on Exhibit "E" hereto. Owners are prohibited from developing the land or disturbing the vegetation in the canyon portion of the Properties in any way detrimental to such canyon, which includes Oak trees, supporting vegetation, and a small seasonal spring and stream.

8.4. Nuisances. No noxious or offensive activities may be carried on upon the Properties or on any public street abutting or visible from the Properties. The Association is entitled to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. The Board is entitled to delegate responsibility for enforcing the restrictions on nuisances contained in this Section to the Owners. Notwithstanding anything herein to the contrary, agricultural activities and chemical spraying shall not be considered noxious or offensive activities. No Owner may (a) permit or cause anything to be done or kept on the Properties or on any public street abutting the

Properties which may (i) increase the rate of insurance in the Properties, (ii) result in the cancellation of such insurance, or (iii) obstruct or interfere with the rights of other Owners, or (b) commit or permit any nuisance thereon or violate any law. Each Owner shall comply with all requirements of the local or state health authorities and with all other applicable governmental ordinances regarding occupancy and use of a Lot, including the Residence thereon. Each Owner is accountable to the Association and other Owners for the conduct and behavior of Persons residing in or visiting his Lot. The Association has the power to require that any damage to the Maintenance Property, personal property of the Association, or property of another Owner caused by such Persons shall be repaired at the sole expense of the Owner of the Lot where such Persons are residing or visiting.

8.5. **Signs.** Subject to Civil Code Sections 712 and 713, no sign, poster, billboard, balloon advertising device or other display of any kind shall be displayed within the Properties except the following:

8.5.1. **Entry Monuments.** Entry monuments and similar community identification signs maintained by the Association;

8.5.2. **Lots.** Subject to the Architectural Guidelines, one (1) nameplate or similar Owner name identification, and one (1) sign advising of the existence of security services protecting a Lot;

8.5.3. **Sale or Lease.** One (1) sign which may be displayed on each Lot advertising the Lot for sale or lease; however, such sign must comply with the Rules and Regulations and be of such colors and styles as are approved by the Design Review Committee in accordance with the Architectural Guidelines;

8.5.4. **Agricultural Operations.** One (1) sign, not larger than eighteen (18) inches by seventy-two (72) inches, indicating the name of the ranch and the occupant of the main Residence and small signs identifying produce processing or marketing associations or orchard management companies may be maintained unless specifically prohibited by the Board; and

8.5.5. **Building Contractors.** A general contractor, but no subcontractor, who is constructing a Residence may erect and maintain one (1) sign, not larger than twenty-four (24) inches by thirty-six (36) inches, only during the course of construction.

8.6. **Antennae.**

8.6.1. Owners may install an antennae on the exterior of a Residence or on such Owner's Lot for amateur radio, or experimental, communication or entertainment uses. The Design Review Committee may require Owners to comply with the following restrictions in the installation and use of antennas: (i) consistent with operating requirements, such antennas should be located on the Lot and

screened so as to minimize the visual impact on other Lots in the Properties; (ii) any tower mounted antennae must be located so that the failure of the support structure will not result in any portion of the antennae or tower structure falling on any adjoining Owner's Lot or on the Common Area; (iii) any tower mounted antennae which is not being used for an extended period of time (defined as exceeding three consecutive months, or such other reasonable interval as may be determined by the Board) shall be lowered so that the maximum height of the antennae does not exceed the height of nearby Residences, other structures and trees; and (iv) operation of any electronic equipment connected to any antennae shall be designed and used in accordance with the applicable rules of the Federal Communications Commission with respect to interference with other properly designed and operated electronic equipment.

8.6.2. "Authorized Antenna" means (i) an antenna designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one meter or less in diameter, (ii) an antenna that is designed to receive video programming service, including multichannel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, that is one meter or less in diameter or diagonal measurement, (iii) an antenna designed to receive television broadcast signals, or (iv) a mast supporting an antenna described in subparagraphs (i) (ii), and (iii) above.

The Association may adopt additional restrictions on installation or use of an Authorized Antenna on an Owner's Residence or Lot as a part of the Association's Rules and Regulations so long as such restrictions do not (1) unreasonably delay or prevent installation, maintenance or use of an Authorized Antenna, (2) unreasonably increase the cost of installation maintenance or use of an Authorized Antenna, or (3) preclude acceptable quality reception. The Association may prohibit the installation of an Authorized Antenna if the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of managers, agents or employees of the Association and other Owners, or for any other safety related reason established by the Association.

This Section 8.6.2 is intended to be a restatement of the authority granted to the Association under applicable law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna shall be interpreted to amend, modify, restate or interpret this Section 8.6.2.

8.7. Parking and Vehicular Restrictions. The Board may establish regulations regarding any parking areas not contained within individual Lots, including without limitation designating "parking," "guest parking," and "no parking" areas thereon, setting time limits for parking vehicles in the Maintenance Property parking areas, and requiring registration of vehicles or use of parking permits; and may enforce all parking and vehicle use regulations applicable to the Properties, including removing violating vehicles from the Properties pursuant to California Vehicle Code Section 22658.2 or other applicable ordinances or statutes. Declarants and all Owners by acceptance of a deed to a Lot encumbered by this Declaration acknowledge and agree that the streets

will be used by a wide range of agricultural equipment, including, but not limited to, semi-trailer trucks, fork lifts, tractors, sprayers, and dump trucks.

8.8. Animal Restrictions. The only animals that may be raised, bred or kept in the Properties are dogs, cats, fish, birds and other usual household pets; provided that they are not kept, bred or maintained for commercial purposes, in unreasonable quantities, or in violation of the Restrictions. As used in this Declaration, "unreasonable quantities" ordinarily means more than two (2) pets per household; however, the Board may determine that a reasonable number in any instance may be more or less. The Board may limit the size of pets and may prohibit maintenance of any animal which, in the Board's opinion, constitutes a nuisance to any other Owner. Animals within the Properties must be either kept within an enclosure or on a leash held by a Person capable of controlling the animal. Owners may own and stable a maximum of one (1) horse per each full acre area, with a maximum of three (3) horses maintained on any one (1) Lot in the Property. Restrictions specifying "No Horses" may be placed on specifically identified Lots. If an Owner records such a restriction in a form acceptable to the Board and requests the Board to enforce the restriction, the Board may accept or reject the responsibility to enforce said restriction in its sole discretion. If the Board chooses to accept enforcement responsibilities for the "No Horses" restriction on any Lot, such restriction may not be removed except by Amendment of this Declaration in accordance with Section 13.2 herein. Any Person shall be liable to each and every other Person for any unreasonable noise or damage to Person or property caused by any animals brought or kept upon the Properties by such Person. Persons shall clean up after their animals use any portion of the Properties or public street abutting or visible from the Properties. Any Person who maintains any animal, insect or reptile within the Properties, whether in compliance with or in violation of the Restrictions, shall indemnify, defend and hold harmless the Association, its officers, directors, contractors, agents and employees from any claim brought by any Person against the Association, its officers, directors, agents and employees for personal injuries or property damage caused by such animal, insect or reptile. The Association, at its option, may elect to only enforce this Section in connection with the Maintenance Property, leaving for the Owners the power to enforce this Section as it applies to other areas of the Properties.

8.9. Exterior Items. Weeds, rubbish, debris, unsightly material or objects or trash may not be kept or permitted upon the Properties or on any public street abutting or visible from the Properties. Trash may be kept in sanitary containers located in appropriate areas screened from view in accordance with the Rules and Regulations, and no odor may be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Trash containers maintained by Owners may be exposed to view only when set out for a reasonable period of time (not to exceed twenty-four (24) hours before and after scheduled trash collection hours). No exterior fires are permitted, except barbecue fires contained within receptacles therefor and fire pits in enclosed areas and designed in such a manner that they do not create a fire hazard.

8.10. Temporary Buildings. Outbuildings, tents, shacks, or other temporary buildings or Improvements may not be placed upon any portion of the Properties either temporarily or permanently, without the prior written consent of the Design Review Committee. Garages, carports,

trailers, campers, motor homes, recreation vehicles or other vehicles may not be used as residences in the Properties permanently and may only be used temporarily (no more than two (2) weeks) during a bona fide visit with the primary resident of the Residence with the prior written approval of the Board. Notwithstanding the foregoing, an Owner may construct a guest house on his Lot if permitted by the County, zoning ordinances, and with the prior written approval of the Design Review Committee.

8.11. Maintenance Property Facilities. Owners shall not alter the Maintenance Property without the prior written consent of the Board. Trees required by the landscaping and irrigation plan for the Maintenance Property must not be trimmed shorter than their natural height; except (i) trees such as eucalyptus may be "topped" for safety in high winds, (ii) other trees may be trimmed or removed if necessary to preserve views from Residences, and (iii) such trees may be removed to prevent the spread of disease so long as they are replaced.

8.12. Drilling. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted upon the Properties, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Lot or within five hundred feet (500') below the surface of the Properties. No derrick or other structure designed for use in boring for water, oil, geothermal heat or natural gas may be erected, maintained or permitted in the Properties. Notwithstanding the foregoing, Owners may store gasoline, diesel, or other liquids required for agricultural operations so long as such liquids are stored in compliance with governmental requirements for environmental and safety purposes.

8.13. Drainage. Rain gutters, down spouts, drainage systems or the established drainage pattern for a Lot or Common Area, may not be altered or interfered with so as to constitute a nuisance or hazard to any other Lot or to the Common Area, unless an adequate alternative provision is made with the Design Review Committee's prior written approval.

8.14. Rights of Disabled. Subject to the provisions of Article III, each Owner may modify his Residence and the route leading to the front door of his Residence, at his sole expense, in order to facilitate access to his Residence by Persons who are blind, visually impaired, deaf or physically disabled, or to alter conditions which could be hazardous to such Persons, in accordance with California Civil Code Section 1360 or any other law or ordinance.

**Article IX
DAMAGE AND CONDEMNATION**

Damage to or destruction of all or any portion of the Maintenance Property and condemnation of all or any portion of the Maintenance Property shall be handled in the following manner:

9.1. **Repair and Restoration.** If the Maintenance Property is damaged or destroyed, the Association shall cause the Maintenance Property to be repaired and reconstructed substantially in accordance with the original plans and specifications, and any restoration or repair of the Maintenance Property shall be performed substantially in accordance with the original plans and specifications. If the cost of effecting total restoration of the Maintenance Property exceeds the amount of insurance proceeds, then the Association shall levy a Reconstruction Assessment against the Lots and their respective Owners equal to the difference between the total restoration cost and the insurance proceeds.

9.2. **Owners' Responsibilities.** Each Owner is liable to the Association for all expenses of repairing damage to the Maintenance Property which may be sustained due to the negligence or willful misconduct of said Owner or the Persons deriving their right to use the Maintenance Property from said Owner. The Association may, after Notice and Hearing, (i) charge the Owner for the costs of repairing the damage, (ii) determine whether any claim shall be made upon the insurance maintained by the Association and (iii) levy against such Owner a charge equal to any deductible paid and the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner or the Persons for whom such Owner may be liable as described herein, as a Designated Services Area Assessment Component of Common Assessments. If a Lot is jointly owned, the liability of its Owners is joint and several, except to the extent that the Association has previously contracted in writing with such joint Owners to the contrary.

9.3. **Eminent Domain.** If all or any portion of the Maintenance Property is taken by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Association and deposited in the Operating Fund. No Owner may participate as a party, or otherwise, in any proceedings relating to such condemnation.

**Article X
INSURANCE**

10.1. **Casualty Insurance.** The Board shall obtain and maintain fire and casualty insurance with extended coverage for loss or damage to all insurable Improvements on the Maintenance Property for the full replacement cost thereof without deduction for depreciation or coinsurance, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other real or personal property it owns against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The policies insuring the Maintenance Property must be written in the name of, and the proceeds thereof must be payable to

the Association. Unless the applicable insurance policy provides for a different procedure for filing claims, all claims made under such policy must be sent to the insurance carrier or agent, as applicable, by certified mail and be clearly identified as a claim. The Association shall keep a record of all claims made. The Association shall use insurance proceeds to repair or replace the property for which the insurance was carried. Premiums for all insurance carried by the Association are a Common Expense.

10.2. Insurance Obligations of Owners. Each Owner is responsible for insuring his personal property and all other property and Improvements within his Lot as required by Section 7.1.2. Such policies shall not adversely affect or diminish any coverage under any insurance obtained by or on behalf of the Association. Duplicate copies of such other policies shall be deposited with the Board upon the Board's request. If any loss intended to be covered by insurance carried by or on behalf of the Association occurs and the proceeds payable thereunder are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of such insurance to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

10.3. Waiver of Subrogation. All policies of physical damage insurance the Association maintains must provide, if reasonably possible, for waiver of: (a) any defense based on coinsurance; (b) any right of setoff, counterclaim, apportionment, proration or contribution due to other insurance not carried by the Association; (c) any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act or omission of any named insured or the respective agents, contractors and employees of any insured; (d) any rights of the insurer to repair, rebuild or replace, and, if any Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured; (e) notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; (f) any denial of an Owner's claim because of negligent acts by the Association or other Owners; or (g) prejudice of the insurance by any acts or omissions of Owners that are not under the Association's control. As to each policy of insurance the Association maintains which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the Manager, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by such Persons, but only to the extent that insurance proceeds are received in compensation for such loss.

10.4. Liability and Other Insurance The Association shall obtain comprehensive public liability insurance, including coverage for medical payments and malicious mischief, in such limits as it deems desirable with such minimum limits as are set forth in Section 1365.9 of the California Civil Code, insuring against liability for bodily injury, death and property damage arising from the Association's activities or with respect to property the Association maintains or is required to maintain including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The Association may also obtain Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, the Board and Manager, against liability in connection with the Maintenance Property, the premiums for which are

a Common Expense. The Board shall review all insurance policies at least annually and adjust the limits in its discretion. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity insurance and other insurance as it deems advisable, insuring the Board, the Association's officers and the Manager against liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. However, fidelity insurance coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any Person handling the Association funds, including, but not limited to, Association officers, directors, employees and agents and Manager employees, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the Association's or Manager's custody during the term of the insurance. The aggregate amount of such insurance coverage may not be less than one-fourth (1/4) of the annual Common Assessments on all Lots in the Properties, plus reserve funds. In addition, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity insurance coverage meeting the requirements for developments such as the Properties established by FNMA, GNMA and FHLMC, so long as any of them is a Mortgagee or an Owner of a Lot in the Properties, except to the extent such coverage is not reasonably available or has been waived in writing by FNMA, GNMA and FHLMC, as applicable.

10.5. Notice of Expiration Requirements. If available, each insurance policy the Association maintains must contain a provision that said policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) to thirty (30) days' prior written notice to the Board and to each Owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice, and every other Person in interest who requests such notice of the insurer.

Article XI RIGHTS OF MORTGAGEES

11.1. General Protections. Notwithstanding any other provision of this Declaration, no amendment or violation of the Declaration defeats or renders invalid the rights of the Beneficiary under any Mortgage made in good faith and for value, provided that after the foreclosure of any such Mortgage such Lot will remain subject to this Declaration. For purposes of the Restrictions, "first Mortgage" means a Mortgage with first priority over other Mortgages on a Lot, and "first Mortgagee" means the Beneficiary of a first Mortgage.

11.2. Written Notification. Each Beneficiary, insurer and guarantor of a first Mortgage encumbering at least one Lot, upon filing a written request for notification with the Board, is entitled to written notification from the Association of:

- (a) any condemnation or casualty loss which affects either a material portion of the Properties or the Lots securing the first Mortgage;
- (b) any delinquency of sixty (60) days or more in the performance of any obligation under the Restrictions, including without limitation the

payment of Assessments or charges owed by the Owner(s) of the Lots securing the first Mortgage, which notice each Owner hereby consents to and authorizes;

(c) a lapse, cancellation, or material modification of any policy of insurance maintained by the Association; and

(d) any abandonment or termination of the Association.

11.3. Right of First Refusal. Each Owner, including each first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot pursuant to the remedies provided in such Mortgage, or by foreclosure of such Mortgage, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by the Restrictions.

11.4. Rights Upon Request. All Beneficiaries, insurers and guarantors of first Mortgages, upon written request to the Association, shall have the right to:

(a) examine current copies of the Association's books, records and financial statements and the Restrictions during normal business hours;

(b) receive written notice of all meetings of the Members; and

(c) designate in writing a representative who shall be authorized to attend all meetings of the Members.

11.5. Payments of Delinquent Amounts. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Maintenance Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for Maintenance Property and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

11.6. Contracts. The Board may enter into such contracts on behalf of the Association as are required in order to satisfy the requirements or guidelines of VA, FHA, FHLMC, FNMA, GNMA or any similar entity, to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Association and its Members, as a class of potential Mortgage borrowers and potential sellers of their Lots, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

Article XII ENFORCEMENT

12.1. **Enforcement of Restrictions.** All disputes arising under the Restrictions, other than those described in Section 12.2, Section 12.4 or regulated by Civil Code Section 1375, shall be resolved as follows:

12.1.1. *Violations Identified by the Association.* If the Board determines that there is a violation of the Restrictions, or the Design Review Committee determines that an Improvement which is the maintenance responsibility of an Owner needs installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the responsible Owner identifying (i) the condition or violation complained of, and (ii) the length of time the Owner has to remedy the violation including, if applicable, the length of time the Owner has to submit plans to the Design Review Committee and the length of time the Owner has to complete the work proposed in the plans submitted to the Design Review Committee.

If an Owner does not perform such corrective action as is required by the Board within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Compliance Assessment.

If the violation involves nonpayment of any type of Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures set forth in Section 12.2.

12.1.2. *Violations Identified by an Owner.* If an Owner alleges that another Owner or other Person is violating the Restrictions (other than nonpayment of any type of Assessment), the complaining Owner must first submit the matter to the Board for Notice and Hearing before the complaining Owner may resort to alternative dispute resolution, as required by Section 1354 of the California Civil Code, or litigation.

12.1.3. *Legal Proceedings.* Failure to comply with any of the terms of the Restrictions by an Owner, or any other Person, is grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; however, the procedures established in Section 1354 of the California Civil Code and in Sections 12.1.1 and 12.1.2 must first be followed, if they are applicable.

12.1.4. *Limitation on Expenditures.* The Association may not incur litigation expenses, including without limitation attorneys' fees, or borrow money to fund litigation, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Association first obtains the consent of the

Members (excluding the voting power of any Owner who would be a defendant in such proceedings), and, if applicable, complies with the requirements of Section 1354 of the California Civil Code. Such approval is not necessary if the legal proceedings are initiated (i) to enforce the use restrictions contained in Article VIII, (ii) to enforce the architectural and landscaping control provisions contained in Article III, (iii) to collect any unpaid Assessments levied pursuant to the Restrictions, (iv) for a claim, the total value of which is less than Five Hundred Thousand Dollars (\$500,000), or (v) as a cross-complaint in litigation to which the Association is already a party. If the Association decides to use or transfer reserve funds or borrow funds to pay for any litigation, the Association must notify its Members of the decision by mail. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the reserve funds will be replaced or the loan will be repaid, and a proposed budget for the litigation. The notice must state that the Members have a right to review an accounting for the litigation which will be available at the Association's office. The accounting shall be updated monthly.

12.1.5. *Additional Remedies.* The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, or of a resident of or visitor to such Owner's Lot to comply with the Restrictions. The Board may Record a Notice of Noncompliance for any violation of the Restrictions if permitted by law. Such fines or penalties may only be assessed after Notice and Hearing.

12.1.6. *No Waiver.* Failure to enforce any provision hereof does not waive the right to enforce that provision, or any other provision hereof.

12.1.7. *Right to Enforce.* The Board or any Owner (not at the time in default hereunder) may enforce the Restrictions as described in this Article, subject to Section 1354 of the California Civil Code. Each remedy provided for in the Restrictions is cumulative and not exclusive or exhaustive.

12.2. Nonpayment of Assessments.

12.2.1. *Remedies.* Any installment of an Assessment is delinquent if not paid within fifteen (15) days of the due date established by the Board. Any Assessment installment not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges as provided herein bears interest at the maximum rate permitted by law commencing thirty (30) days from the date the Assessment becomes due until paid. The Board may also require the delinquent Owner to pay a late charge in accordance with California Civil Code Section 1366(d)(2). The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. The Association need not accept any tender of a partial payment of an Assessment

installment and all costs and attorneys' fees attributable thereto, and any acceptance of any such tender does not waive the Association's right to demand and receive full payments thereafter. Before the Association may place a lien upon an Owner's Lot to collect a past due Assessment, the Association shall send a written notice to the Owner by certified mail which contains the following information: (i) the fee and penalty procedure of the Association, (ii) an itemized statement of the charges owed by the Owner, including the principal owed, any late charges and the method of calculation, any attorneys' fees, (iii) the collection practices used by the Association, and (iv) a statement that the Association may recover the reasonable costs of collecting past due Assessments.

12.2.2. Notice of Delinquent Assessment. No action may be brought to enforce any Assessment lien created herein unless at least thirty (30) days has expired following the date a Notice of Delinquent Assessment is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Lot, and a copy thereof has been Recorded by the Association. Such Notice of Delinquent Assessment must recite (a) a good and sufficient legal description of any such Lot, (b) the record Owner or reputed Owner thereof, (c) the amount claimed (which may at the Association's option include interest on the unpaid Assessment and late charges as described above plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien), (d) the Association's name and address, and (e) in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. A monetary penalty imposed by the Association as a disciplinary measure for failure of an Owner to comply with the Restrictions may not become a lien enforceable by nonjudicial foreclosure against such Owner's Lot; however, monetary penalties imposed for late payments and as a means of reimbursing the Association for costs incurred for the repair of damage to Maintenance Property for which an Owner or Persons deriving rights from the Owner were responsible may become a lien against such Owner's Lot enforceable by the sale of the Lot in accordance with Section 12.2.3. Recordation of the Notice of Delinquent Assessment creates a lien on the Lot as provided in Section 1367 of the California Civil Code. Said lien is prior to any declaration of homestead Recorded after the date on which this Declaration is Recorded. The lien continues until paid or otherwise satisfied. The Notice of Delinquent Assessment must be signed by an authorized Association officer or agent, and must be mailed in the manner set forth in Section 2924b of the California Civil Code to the record Owner of the Lot no later than ten (10) calendar days after recordation.

12.2.3. Foreclosure Sale. A sale to foreclose a Association lien may be conducted by the Board, its attorneys or other Persons authorized by the Board in accordance with the provisions of Sections 2924, 2924a, 2924b, 2924c and 2924f of the California Civil Code, or in any other manner permitted by law. The Association, through duly authorized agents, may bid on the Lot at foreclosure sale, and acquire

and hold, lease, encumber and convey the same. Upon completion of the foreclosure sale, the Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Lot, and the defaulting Owner shall be required to pay the reasonable rental value of the Lot during any period of continued occupancy by the defaulting Owner or any Persons claiming under the defaulting Owner.

12.2.4. Curing of Default. Upon the timely curing of any default for which the Association Recorded a Notice of Delinquent Assessment, the Association shall Record an appropriate Release of Lien upon payment by the defaulting Owner of a reasonable fee, to be determined by the Board, to cover the cost of preparing and Recording such release. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the lien upon any Lot created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee, to be determined by the Board.

12.2.5. Cumulative Remedies. The Assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments, as above provided.

12.2.6. Assessments After Foreclosure. After a Beneficiary or other Person obtains title to a Lot by judicial foreclosure or by means set forth in a Mortgage, the Lot shall remain subject to the Declaration and the payment of all installments of Assessments accruing after the date the Beneficiary or other Person obtains title.

12.2.7. Priority of Assessment Lien. Mortgages Recorded before a Notice of Delinquent Assessment have lien priority over the Notice of Delinquent Assessment. Sale or transfer of any Lot does not affect the Assessment lien, except that the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage extinguishes the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer relieves such Lot from lien rights for any Assessments thereafter becoming due. No Person who obtains title to a Lot pursuant to a judicial or nonjudicial foreclosure of the first Mortgage is liable for the share of the Common Expenses or Assessments chargeable to such Lot which became due prior to the acquisition of title to the Lot by such Person. Such unpaid share of Common Expenses or Assessments is a Common Expense collectible from all of the Owners including such Person.

12.2.8. Cal-Vet Loans. The Board of Directors has the power to take such action as is necessary to make any Assessment lien of the Association encumbering a Residence subordinate to the interests of the Department of Veterans Affairs of the

State of California under its Cal-Vet loan contracts, with respect to such Residence, to the same extent that the Assessment lien would be subordinate to the lien or charge of a first Mortgage encumbering such Residence.

12.2.9. *Receivers.* In addition to the foreclosure and other remedies granted the Association herein, each Owner conveys to the Association all of such Owner's right, title and interest in all rents, issues and profits derived from and appurtenant to such Lot, subject to the right, power and authority of the Association to collect and apply such rents, issues and profits to any delinquent Assessments owed by such Owner, reserving to the Owner the right, prior to any default by the Owner in the payment of Assessments, to collect and retain such rents, issues and profits as they may become due and payable. Upon any such default the Association may, upon the expiration of thirty (30) days following delivery to the Owner of the "Notice of Delinquent Assessment" described herein, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described herein, (a) enter in or upon and take possession of the Lot or any part thereof, (b) in the Association's name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses of operation, to any delinquencies of the Owner hereunder, and in such order as the Association may determine. The entering upon and taking possession of the Lot, the collection of rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

12.2.10. *Alternative Dispute Resolution of Assessment Disputes.* Disputes between an Owner and the Association regarding the Assessments imposed by the Association may be submitted to alternative dispute resolution in accordance with Civil Code Section 1354 if such Owner pays in full (i) the amount of the Assessment in dispute, (ii) any late charges, (iii) any interest, and (iv) all fees and costs associated with the preparation and filing of a Notice of Delinquent Assessment (including mailing costs and attorneys' fees not to exceed the maximum amount allowed by law), states by written notice that such amount is paid under protest, and the written notice is mailed by certified mail to the Association not more than thirty (30) days from the Recording of a Notice of Delinquent Assessment. Upon receipt of such written notice, the Association shall inform the Owner in writing that the dispute may be resolved through alternative dispute resolution as set forth in Civil Code Section 1354.

The right of any Owner to use alternative dispute resolution under this Section may not be exercised more than two times in any single calendar year, and not more than three times within any five (5) calendar years. Nothing within this Section shall preclude any Owner and the Association, upon mutual agreement, from entering into alternative dispute resolution in excess of the limits set forth herein. An Owner may request and be awarded through alternative dispute resolution reasonable

interest to be paid by the Association in the total amount paid under items (i) through (iv) above, if it is determined that the Assessment levied by the Association was not correctly levied.

12.3. **Dispute Resolution.** Any disputes between the Association and any Owners arising under the Restrictions or relating to the Properties shall be resolved in accordance with Section 12.4.3. The dispute resolution procedure in Section 12.4.3 for resolution of disputes under this Section 12.4.2 shall be deemed to satisfy the alternative dispute requirements of Civil Code Section 1354, as applicable.

12.3.1. **Judicial Reference.** Any unresolved disputes under Sections 12.4.5, shall be submitted to general judicial reference pursuant to California Code of Civil Procedure Sections 638(1) and 641-645.1 or any successor statutes thereto. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. The parties shall share equally in the fees and costs of the referee, unless the referee orders otherwise.

The general referee shall have the authority to try all issues of fact and of law, and to report a statement of decision to the court. The parties shall use the procedures adopted by Judicial Arbitration and Mediation Services/ENDISPUTE ("JAMS") for judicial reference (or any other entity offering judicial reference dispute resolution procedures mutually acceptable to the parties), provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

- (a) The proceedings shall be heard in the County;
- (b) The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters;
- (c) Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court with jurisdiction;
- (d) The referee may require one or more pre-hearing conferences;
- (e) The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge;
- (f) A stenographic record of the proceeding shall be made, provided that the record shall remain confidential except as necessary for post-hearing motions and any appeals;

(g) The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable; and

(h) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

The statement of decision of the referee upon all of the issues considered by the referee is binding upon the Parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall not limit any valid cause of action which may be brought by any of the parties. The parties acknowledge and accept that they are waiving their right to a jury trial.

Article XIII GENERAL PROVISIONS

13.1. **Term.** This Declaration shall continue in full force for a sixty (60) year period from the date of Recordation of this Declaration and will automatically be extended for additional twenty (20) year terms unless a Declaration of Termination satisfying the requirements of an amendment to the Declaration as set forth in Section 14.2 is Recorded at least one (1) year prior to the scheduled expiration of the current term.

13.2. **Termination and Amendment.** Notice of the subject matter of a proposed amendment to, or termination of, this Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Association at which a proposed amendment or termination is to be considered.

13.2.1. **Member Approval.** The resolution can only be adopted by the vote, in person or by proxy, or written consent of Members representing not less than seventy-five percent (75%) of the Association's voting power residing in Members, provided that the specified percentage of the Association's voting power necessary to amend a specified Section or provision of this Declaration may not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. Provided, however, that the Declaration may not be amended to increase use restrictions which affect particular Lots without the written consent of the Owner of the affected Lot.

13.2.2. **Mortgagee Approval.** In addition to the required notice and consent of the Members, the Beneficiaries of fifty-one percent (51%) of the first Mortgages who have requested the Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve the following amendments to the Restrictions:

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers and guarantors of first Mortgages in this Declaration.

(b) Any amendment which would or could result in a Mortgage being canceled by forfeiture.

(c) Any amendment relating to the insurance provisions as set out in Article X, or to the application of insurance proceeds as set out in Article IX, or to the disposition of any money received in any taking under condemnation proceedings.

(d) Any amendment which would subject any Owner to a right of first refusal or other such restriction if such Lot or Condominium is proposed to be sold, transferred or otherwise conveyed.

13.2.3. *Notice to Mortgagees.* Each Beneficiary of a first Mortgage which is sent written notice of a proposed amendment or termination of this Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Beneficiary fails to submit a response to the notice within thirty (30) days after the date of the mailing receipt.

13.2.4. *Certification of Amendments.* A copy of each amendment shall be signed by at least two (2) Association officers. The amendment will be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by at least two (2) officers of the Association that the requisite number of Owners have either voted for or consented in writing to any termination or amendment adopted as provided above, when Recorded, is conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for at least four (4) years. The certificate of any termination or amendment which requires the written consent of the County or any of the Beneficiaries of first Mortgages must include a certification that the requisite approval of the County or such first Mortgagees has been obtained.

13.2.5. *Consent of County.* The Declaration may not be terminated or substantially amended and property may not be deannexed from the coverage of this Declaration absent the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest. A proposed amendment shall be considered "substantial" if it affects the extent, usage, or maintenance of the Common Area.

13.3. *Constructive Notice and Acceptance.* Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Properties does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every

limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to the Restrictions is contained in the instrument by which such Person acquired an interest in the Properties or any portion thereof.

13.4. **Notices.** Except as otherwise provided herein, notice to be given to an Owner must be in writing and may be delivered to the Owner or Mortgagee personally or by any system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. Delivery of such notice to one (1) or more co-owners of a Lot, to any general partner of a partnership or to a member of a limited liability company, constitutes delivery to all co-owners, the partnership or the limited liability company. Delivery of such notice to any officer or agent for the service of process on a corporation constitutes delivery to the corporation. Alternatively, notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner or Mortgagee at the most recent address furnished by such Owner or Mortgagee to the Association. If an Owner does not furnish an address, notice may be sent to the street address of an Owner's Lot. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address fixed and circulated to all Owners or sent by any system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means to such address or telephone number as the Board may establish.

13.5. **Additional Provisions.** Notwithstanding the provisions contained in the Restrictions, the Association and the Owners should be aware that there may be provisions of various laws, including without limitation the Davis-Stirling Common Interest Development Act codified at Sections 1350 *et seq.* of the California Civil Code and the federal Fair Housing Act codified at Title 42 United States Code, Sections 3601 *et seq.*, which may supplement or override the Restrictions. Declarant and the Participating Builders make no representations or warranties regarding the future enforceability of any portion of the Restrictions.

Article XIV LAND CLASSIFICATIONS

The Lots in the Properties shall be assigned to one or more of the following land classifications.

14.1. **Residential Area.** All Lots which include Residences shall be classified as Residential Area. Lots may be classified as both Residential Areas and Agricultural Areas.

14.2. **Agricultural Area.** All Lots which include orchards and other agricultural or horticultural areas shall be classified as an Agricultural Area. Lots may be classified as both Residential Areas and Agricultural Areas.

14.3. **Maintenance Property.** Via del Toronjo and Martin Ranch Road are Maintenance Property, in addition to the controlled access gates located or to be located thereon and the drainage structures appurtenant to such streets.

14.4. **Common Area.** The Common Area is the Maintenance Property.

14.5. **Designated Service Area.** The Lots in the Toronjo Properties are part of the Via del Toronjo Designated Service Area. The Lots in Martin Heights are part of the Martin Ranch Road Designated Service Areas. Each Owner in a Designated Service Area shall share the costs incurred by the Association in connection with its obligations to maintain the items listed or depicted on *Exhibit "C"*.

[SIGNATURES ARE LOCATED ON FOLLOWING PAGES]

This Declaration is dated for identification purposes March 2, 1999.

GLENOAKS RANCH PARTNERSHIP,
a California limited partnership

By: Donald L. Martin

Its: General Partner

"Declarant"

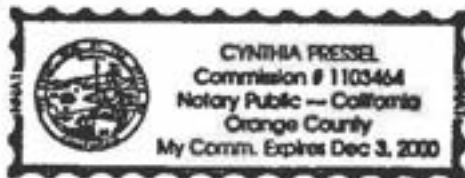
STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On Mar. 3, 1999, before me, Cynthia Pressel,
personally appeared Donald L. Martin personally known to me (or proved to me on
the basis of satisfactory evidence) to be the person whose name is subscribed to the within
instrument and acknowledged to me that he executed the same in his authorized capacity, and
that by his signature on the instrument the person, or the entity upon behalf of which the person
acted, executed the instrument.

WITNESS my hand and official seal.

Cynthia Pressel
Notary Public in and for said State

(SEAL)



[SIGNATURES OF DECLARANTS CONTINUED]

By: Sandra A. Tapley
SANDRA A. TAPLEY

By: Robert L. Tapley
ROBERT L. TAPLEY

"Declarant"

STATE OF CALIFORNIA)
COUNTY OF California) ss.

On April 21, 1999, before me, Pat Fehlhaber, personally appeared Sandra A. Tapley and Robert L. Tapley personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Pat Fehlhaber
Notary Public in and for said State

(SEAL)



[SIGNATURES OF DECLARANTS CONTINUED]

By: John R. Haynes
JOHN R. HAYNES

By: Patrice Haynes
PATRICE HAYNES

"Declarant"

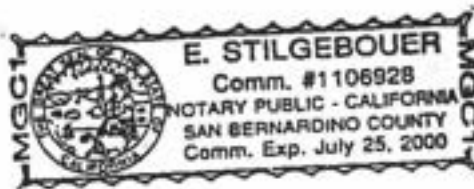
STATE OF CALIFORNIA)
COUNTY OF Riverside) ss.

On 4/15/99, 1999, before me, E. Stilgebouer, personally appeared John R. Haynes and Patrice Haynes personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

E. Stilgebouer
Notary Public in and for said State

(SEAL)



[SIGNATURES OF DECLARANTS CONTINUED]

By: Nelson G. Mamey
NELSON G. MAMEY

By: Beverly S. Mamey
BEVERLY S. MAMEY

"Declarant"

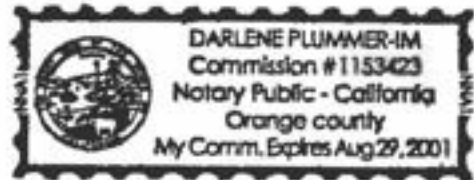
STATE OF CALIFORNIA)
) ss.
COUNTY OF Orange)

On 3/19/99, 1999, before me, Darlene Plummer-Im, Notary Public personally appeared Nelson G. Mamey and Beverly S. Mamey personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Darlene Plummer-Im
Notary Public in and for said State

(SEAL)



[SIGNATURES OF DECLARANTS CONTINUED]

By: Ralph Pargett
RALPH F. PARGETT

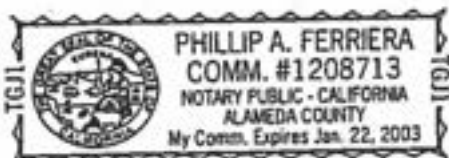
"Declarant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On 4-2-99, 1999, before me, Phillip A. Ferreria, personally appeared Ralph F. Pargett personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Phillip A. Ferreria
Notary Public in and for said State



(SEAL)

[SIGNATURES OF DECLARANTS CONTINUED]

By: [Signature]
STEPHEN C SCHEELE

"Declarant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF Riverside)

On 4-13, 1999, before me, Denise Caronna,
personally appeared Stephen C. Scheele personally known to me (~~or proved to me on the basis of~~
~~satisfactory evidence~~) to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized capacity, and that by his
signature on the instrument the person, or the entity upon behalf of which the person acted,
executed the instrument.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for said State

(SEAL)



[SIGNATURES OF DECLARANTS CONTINUED]

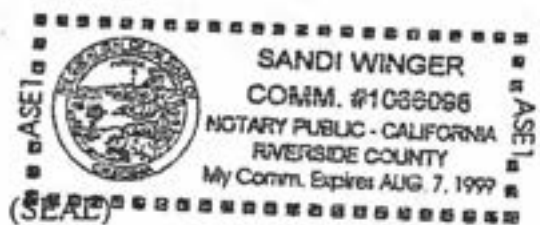
By: Frederika Ann Hovey
FREDERIKA ANN HOVEY

"Declarant"

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.

On 3/30/99, 1999, before me, Sandi Winger, Notary Public
personally appeared Frederika Ann Hovey ~~personally known to me~~ (or proved to me on the basis
of satisfactory evidence) to be the person whose name is subscribed to the within instrument and
acknowledged to me that she executed the same in her authorized capacity, and that by her
signature on the instrument the person, or the entity upon behalf of which the person acted,
executed the instrument.

WITNESS my hand and official seal.



Sandi Winger
Notary Public in and for said State

[SIGNATURES OF DECLARANTS CONTINUED]

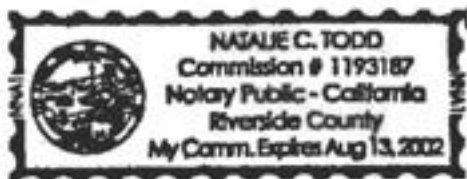
By: Lois J. Miller Ten Eyck
LOIS J. MILLER TEN EYCK

"Declarant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF Riverside)

On March 22, 1999, before me, Natalie C. TODD, Notary Public personally appeared Lois J. Miller Ten Eyck personally known to me ~~(or proved to me on the basis of satisfactory evidence)~~ to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Natalie C. Todd, Notary Public
Notary Public in and for said State

(SEAL)

EXHIBIT

SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under that certain Deed of Trust recorded on September 30, 1991, in the Official Records of Riverside County, California, as Instrument No. 338651, which Deed of Trust is between Nelson G. Mamey and Beverly S. Mamey, as Trustor, Lois J. Miller Ten Eyck, as Trustee and Beneficiary. hereby expressly subordinates such Deed of Trust and its beneficial interests thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Glenoaks Ranch Estates, as amended or restated ("Declaration"), and to all easements to be conveyed to the Association in accordance with the Declaration. By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Properties by foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Declaration which shall remain in full force and effect.

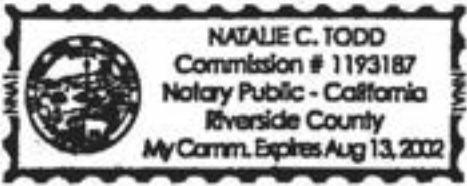
Dated: March 22, 1999

By: Lois J. Miller Ten Eyck
LOIS J. MILLER TEN EYCK

STATE OF CALIFORNIA)
) ss.
COUNTY OF Riverside)

On March 22, 1999, before me, Natalie C. TODD, Notary Public personally appeared Lois J. Miller Ten Eyck personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Natalie C. Todd, Notary Public
Notary Public in and for said State

(SEAL)

SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under that certain Deed of Trust recorded on February 21, 1996, in the Official Records of Riverside County, California, as Instrument No. 061259, which Deed of Trust is between Stephen M. Tapley and Cheryl A. Tapley, as Trustor, Frederika Ann Hovey, as Trustee and Beneficiary, hereby expressly subordinates such Deed of Trust and its beneficial interests thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Glenoaks Ranch Estates, as amended or restated ("Declaration"), and to all easements to be conveyed to the Association in accordance with the Declaration. By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Properties by foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Declaration which shall remain in full force and effect.

Dated: 3-30, 1999

By: Frederika Ann Hovey
FREDERIKA ANN HOVEY

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.

On 3/30, 1999, before me, Sandi Winger, Notary Public personally appeared Frederika Ann Hovey ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Sandi Winger
Notary Public in and for said State



SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under that certain Deed of Trust recorded on February 21, 1996, in the Official Records of Orange County, California, as Instrument No. 061257, which Deed of Trust is between Sandra A. Tapley, Robert L. Tapley, Stephen N. Tapley, Cheryl A. Tapley, John R. Haynes and Patrice Haynes, as Trustor, Frederika Ann Hovey, as Trustee and Beneficiary, hereby expressly subordinates such Deed of Trust and its beneficial interests thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Glenoaks Ranch Estates, as amended or restated ("Declaration"), and to all easements to be conveyed to the Association in accordance with the Declaration. By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Properties by foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Declaration which shall remain in full force and effect.

Dated: 3-30, 1999

By: Frederika Ann Hovey
FREDERIKA ANN HOVEY

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.

On 3/30, 1999, before me, Sandi Winger, Notary Public personally appeared Frederika Ann Hovey ~~personally known to me~~ or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(SEAL)

Sandi Winger
Notary Public in and for said State