Declaration-CC&Rs

The Groves at Carmel Del Mar Condominium Association

NOTICE:

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

GROVES AT CARMEL VALLEY

"IF THIS DOCUMENT CONTAINS ANY RESTRICICITION BASED ON RACE, COLOR, RELIGION, SEX, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABLITY, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (P) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VILATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSON SHALL NOT BE CONSGTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.

64631 2170 83-348804

RECORDED IN OFFICIAL RECORDS OF SAN DIEGO COUNTY, CA.

1983 SEP 29 AM 9:42

VERA L. LYLE COUNTY RECORDER

RF 76
MG 1

Recording Requested By:

TRANSAMERICA TITLE INS. CO.

When Recorded Mail To:

Steve Tate
Baldwin Builders
3188 E. Carmel Valley Rd.
San Diego, CA 92014

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE GROVES AT CARMEL DEL MAR
CONDOMINIUM ASSOCIATION

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DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

THE GROVES AT CARMEL DEL MAR

CONDOMINIUM ASSOCIATION

This Declaration is made September 19, 1983, by BALDWIN BUILDERS, A California Corporation, ("Declarant").

Recitals:

Declarant is the Owner of that certain real property located in the City of San Diego, County of San Diego, State of California, which is more particularly described as: Lots 6 through 12 inclusive and Lot 23, of CARMEL VALLEY NEIGHBORHOOD SIX, UNIT NO. 1, according to Map thereof, 10710, filed in the Office of the County Recorder of San Diego County, California, hereinafter called "the Condominium Property."

Declaration:

Declarant declares that the real property is, and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to the following limitations, restrictions, easements, covenants, conditions, liens and charges, all of which are declared and agreed to be in furtherance of a plan of condominium ownership as described in California Civil Code, Sections 1350-1360 for the subdivision, improvement, protection, maintenance, and sale of condominiums within the real property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the real property. All of the limitations, restrictions, easements, covenants, conditions, liens and charges shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in the real property, and shall be binding on and inure to the benefit of the successors in interest of such parties. Declarant further declares that it is the express intent that this declaration satisfy the requirements of California Civil Code, Section 1355. Declarant has or intends to improve the Condominium Property as described in Exhibit "A" attached hereto and incorporated herein.

1. DEFINITIONS

1.1 The "Articles" mean the Association's Articles of Incorporation and their Amendments.

1.2 The "Association" means the Condominium Owners Association, a California Nonprofit Corporation, its successors and assigns.

1.3 The "Association rules" mean the rules and regulations regulating the use and enjoyment of the common area and recreation area adopted by the board from time to time.

1.4 The "board" means the board of directors of the Association.

1.5 The "by-laws" mean the Association's by-laws and their amendments.

1.6 The "Common Area" shall mean or refer to all portions of the development not located within a Living Unit.

1.7 A "condominium" means an estate in real property as defined in California Civil Code, Section 783 consisting of an undivided interest as a tenant-in-common in the common area, together with a fee interest in a unit shown and described on the condominium plan.

1.8 The "condominium plan" means the condominium plan recorded pursuant to California Civil Code, Section 1351 respecting the development, and any amendments to the plan. A copy of the condominium plan is attached as Exhibit "B".

1.9 The "declarant" means Baldwin Builders, a California corporation, and its successors and assigns, if such successors and assigns acquire or hold record title to any portion of the development for development purposes.

1.10 The "development" means the real property divided into condominiums or owned by the Association, including all structures and improvements on it and any additional real property annexed to this declaration under Section 16 pursuant to any supplement to this declaration.

1.11 A "member" means every person or entity who holds a membership in the Association.

1.12 A "mortgage" means a mortgage or deed of trust encumbering a condominium or other portion of the development. A "mortgagee" shall include the beneficiary under a deed of trust. An "institutional" mortgagee is a mortgagee that is a bank or savings and loan association or mortgage company or other entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property, or any insurance company or any federal or state agency. A "first mortgage" or "first mortgagee" is one having priority as to all other mortgages or holders of mortgages encumbering the same condominium or other portions of the development.

1.13 An "owner" means each person or entity holding a record ownership interest in a condominium, including declarant, and contract purchasers under recorded contracts. "Owner" shall not include persons or entities who hold an interest in a condominium merely as security for the performance of an obligation.

1.14 The "Recreation Area" shall mean or refer to all real property (including improvements thereon) owned by the Association for the common use and enjoyment of the Owners. The Recreation Area to be owned by the Association at the time of the conveyance of the first Condominium in the first phase of the development consists of that certain real property located in the County of San Diego, State of California, more particularly described as:

> Lot 12 of CARMEL VALLEY NEIGHBORHOOD 6, UNIT NO. 1, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10710 , filed in the Office of the County Recorder of San Diego County.

1.15 A "unit" means the elements of a condominium that are not owned in common with the other owners of condominiums in the development, such units and their respective elements and boundaries being shown and particularly described in the condominium plan. In interpreting deeds and plans the existing physical boundaries of a unit or of a unit reconstructed in substantial accordance with the original plans shall be conclusively presumed to be its boundaries rather than the description expressed in the deed or plans, regardless of minor variance between boundaries shown on the plans or in the deed and those of the building and regardless of settling or lateral movement of the building. Whenever reference is made in this declaration in the condominium plan, in any deed or elsewhere to a unit it shall be assumed that such reference is made to the unit as a whole, including each of its component elements, and to any and all exclusive easements appurtenant to such unit over common area, if any.

2. DESCRIPTION OF COMMON INTERESTS, PROPERTY RIGHTS, RIGHTS OF ENJOYMENT AND EASEMENTS

2.1 Ownership of Condominium; Easements. Ownership of each condominium within the development shall include a unit, an undivided interest in the common area (which undivided interest shall be specified in the deed from declarant to each owner and which undivided interest cannot be altered or changed as long as the prohibition against severability of component interests in a condominium remains in effect as provided in this declaration), a membership in the Association, and any exclusive or non-exclusive easement or easements appurtenant to such condominium over the common area or recreation area as described in this declaration or the deed to the condominium.

2.2 Owners Non-Exclusive Easements of Enjoyment, Etc. Every owner of a condominium shall have a non-exclusive easement of use and enjoyment in, to and throughout the common area and the recreation area and for ingress, egress and support over and through the common area and the recreation area;

however, such non-exclusive easements shall be subordinate to, and shall not interfere with, exclusive easements appurtenant to units over the common area, if any. Each such non-exclusive easement shall be appurtenant to and pass with the title to every condominium, subject to the following rights and restrictions:

2.2.1 The right of the Association to limit the number of guests, and to adopt and to enforce the Association rules.

2.2.2 The right of the Association to charge reasonable admission and other fees for the use of any unassigned parking and storage spaces and any recreational facility situated upon the common area or the recreation area.

2.2.3 The right of the Association to borrow money to improve, repair or maintain the common area or the recreation area.

2.2.4 The right of the Association to assign, rent, license or otherwise designate and control use of unassigned parking and storage spaces within the common area or the recreation area (other than those portions subject to exclusive easements appurtenant to units, if any).

2.2.5 The right of the Association to suspend the right of an owner to use any recreational or other facility upon the recreation area or the common area as provided in Section 4.3.1.2 of this declaration.

2.2.6 The right of the Association's agents or employees to enter any Living Unit or upon any portion of the Common Area to effect emergency repairs, for the purpose of performing the maintenance of the Common Area or for any other purpose reasonably related to the performance by the Board of its responsbilities under this Declaration. For other than emergency repairs, the Association's agents or employees shall have the right to enter any Living Unit or any portion of the Common Area to affect repairs, improvements, replacements or maintenance which the Association, after approval by two-thirds (2/3) vote of the Board, reasonably deems necessary. Such entry shall be made with as little inconvenience to the Owner as possible. Any damage caused thereby shall be repaired by the Association. Further, such entry for other than emergency repair shall be made only after not less than three (3) days notice has been given to the Owner.

2.2.7 The right of any owner, or his representatives,to enter the unit of any other owner to perform permissible installations, alterations or repairs to mechanical or electrical services, including installation of television antennae and related cables, if requests for entry are made in advance and such entry is at a time convenient to the owner whose unit is being entered except that in case of emergency such right of entry shall be immediate. Further, such entry for other than emergency repairs shall be made only after not less than three (3) days notice has been given to the Owner and the damage caused thereby shall be repaired by the entering party.

2.3 Delegation of Use; Contract Purchasers; Tenants. Any owner may delegate his rights of use and enjoyment in the development, including any recreational facilities to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the by-laws and the Association rules, subject however, to this declaration, to the by-laws and to the Association rules. However, if an owner of a condominium has sold his condominium to a contract purchaser or rented it the owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the recreational facilities of the development while the owner's unit is occupied by such contract purchaser or tenant. Instead, the contract purchaser or tenant, while occupying such unit, shall be entitled to use and enjoy the recreational facilities of the development and can delegate the rights of use and enjoyment in the same manner as if such contract purchaser or tenant were an owner during the period of his occupancy. Each owner shall notify the secretary of the Association of the names of any contract purchasers or tenants of such owner's condominium. Each owner, contract purchaser or tenant also shall notify the secretary of the Association of the names of all persons to whom such owner, contract purchaser, or tenant has delegated any rights of use and enjoyment in the development and the relationship that each such person bears to the owner, contract purchaser, or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of owners.

2.4 Minor Encroachments. If any portion of the common area or recreation area encroaches on any unit or if any portion of a unit encroaches on the common area or recreation area, regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and, all units and the common area and the recreation area are made subject to such easements. If any structure containing a unit is partially or totally destroyed and then rebuilt and any encroachment on the common area or the recreation area results, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and, all units and the common area and the recreation area are made subject to such easements.

2.5 Easements Granted by Association. The Association shall have the power to grant and convey to any third party easements and rights-of-way in, on, over or under the common area and the recreation area for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or

RECORDING REQUESTED BY:

Transamerica Title

AND WHEN RECORDED MAIL TO:

Transamerica Title Ins. Co.
4355 Ruffin Road, Suite 120
San Diego, California 92123
Attention: Maggie Roland

THIS INSTRUMENT IS CERTIFIED TO BE A TRUE AND EXACT COPY OF THAT CERTAIN INSTRUMENT RECORDED ON 12-30-83 IN 83-4792 IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.
TRANSAMERICA TITLE INSURANCE COMPANY
BY Maggie Roland

FOR RECORDER'S USE ONLY

64629

AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE GROVES AT CARMEL DEL MAR CONDOMINIUM ASSOCIATION

This Amendment to the Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association (herein "Amendment") is made this 6th day of December, 1983 by Baldwin Builders, a California corporation, (herein "Declarant").

RECITALS

1. Declarant is the owner of that certain real property located in the City of San Diego, County of San Diego, State of California, which is more particularly described as: Lots 6, 7, 8, 9, 10, 11, 12 and 23 of CARMEL VALLEY NEIGHBORHOOD SIX, UNIT NO. 1, according to map thereof No. 10710, filed in the Office of the County Recorder of San Diego County, California.

2. Declarant has caused to be recorded a Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association in the Office of the County Recorder of San Diego County as File/Page No. 83-348804.

3. Declarant has caused to be recorded a Declaration of Annexation in the Office of the County Recorder for San Diego

County, State of California, as File/Page No. 83-348806, dated September 27, 1983, in which Declarant has annexed Phase 2 of The Groves at Carmel Del Mar.

4. Declarant has caused to be recorded a Declaration of Annexation in the Office of the County Recorder for San Diego County, State of California, as File/Page No. 83-393025, dated October 5, 1983, in which Declarant has annexed Phase 3 of The Groves at Carmel Del Mar.

5. Declarant has caused to be recorded a Declaration of Annexation in the Office of the County Recorder for San Diego County, State of California, as File/Page No. 83-393027, dated October 5, 1983, in which Declarant has annexed Phase 4 of The Groves at Carmel Del Mar.

6. Declarant has caused to be recorded a Declaration of Annexation in the Office of the County Recorder for San Diego County, State of California, as File/Page No. 83-393029, dated October 5, 1983, in which Declarant has annexed Phase 5 of The Groves at Carmel Del Mar.

7. Declarant desires to amend the Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association.

NOW, THEREFORE, Declarant declares as follows:

1. The Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association is amended as follows: Exhibit "A" to the Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association shall be deleted and in its

place Exhibit "A" to this Amendment, attached hereto and incorporated herein by reference shall be substituted.

2. Exhibit "B" to the Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association is deleted. In its place Exhibit "B" attached hereto and incorporated herein by reference is substituted.

3. The last sentence of Paragraph 1.8 of Article 1 entitled "Definitions" which states "A copy of the condominium plan is attached as Exhibit "B" " is deleted.

Declarant has executed this instrument as of December 6th, 1983.

DECLARANT:
Baldwin Builders, a California corporation

By: Sherwin Veatch
Sherwin Veatch, Vice President

BENEFICIARY:
Community Savings and Loan, a Maryland corporation

BY: JAMES B. DEERIN, JR.
Vice President and General Cou

BY: Gary W. Swindell
GARY W. SWINDELL, ASST. SEC'Y.

STATE OF VIRGINIA)
COUNTY OF FAIRFAX) ss

On this 13th day of December, in the year 1983, before me, America G. Wear, personally appeared James B. Deerin, Jr., and Gary W. Swindell personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as Vice President and Assistant Secretary, respectively on behalf of the corporation therein named and acknowledged to me that the corporation executed it. agw agw

AMERICA G. WEAR

THE GROVES

EXHIBIT "A"

Declarant has or intends to improve the Condominium Property by constructing thereon 173 condominium units in five separate phases (for a total of 192 units) and intends to establish a condominium project under the provisions of the California Condominium Act providing for separate title to Living Units and Garages (as hereinafter defined) appurtenant to which will be an undivided fractional interest in the Condominium Property other than the Living Units and Garages. Lot 20 is Recreation Area as defined in Article I, Section 1.14 of this Declaration and will be conveyed in fee to the Homeowners Association prior to closing of the first sale of a condominium in Phase I. The development of the Condominium Property is the first phase of a planned five (5) phase Condominium Project described as follows:

Phase No.	Property Within Phase	Number of Condominiums	Undivided Fractional Interest in Phase
1	Lot 6 and a portion of Lot 23	40	1/40th
2	Lot 7 and a portion of Lot 21	34	1/34th
3	Lot 8 and a portion of Lot 23	24	1/24th
4	Lot 11	28	1/28th
5	Lots 9 & 10	47	1/47th

RECORDING REQUESTED BY:

Transamerica Title

AND WHEN RECORDED MAIL TO:

Transamerica Title Ins. Co.
4355 Ruffin Road, Suite 120
San Diego, California 92123
Attention: Maggie Roland

THIS INSTRUMENT IS CERTIFIED TO BE A TRUE AND EXACT COPY OF THAT CERTAIN INSTRUMENT RECORDED ON 12-30-83 IN 83-479255 ________ IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.
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BY Maggie Roland

FOR RECORDER'S USE ONLY

64629

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2. Declarant has caused to be recorded a Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association in the Office of the County Recorder of San Diego County as File/Page No. 83-348804.

3. Declarant has caused to be recorded a Declaration of Annexation in the Office of the County Recorder for San Diego

Name of Unit	Plan	Size	Level
The Groves	A)	2 bedroom - 1,062 sq. ft.	Single
	B)	2 bedroom - 1,136 sq. ft.	Two-story
	C)	3 bedroom - 1,324 sq. ft.	Two-story

Recreational Facilities

The purchaser of a Condominium unit in any phase will also have the right to use the recreational facilities located on the common area, which includes the following facilities in the first phase: 1) Swimming pool; 2) Spa; 3) Pool equipment room; 4) Small recreation room; 5) Two restrooms; 6) Tennis courts - to be completed in fifth phase.

There is no guarantee that all phases will be completed, or that the number of condominiums or the recreational facilities and amenities in each phase will be developed as described above. The project will be consistent with the overall development plan submitted to the Veteran's Administration and Federal Housing Administration.

THE GROVES

EXHIBIT "B"

Lots 7, 8, 9, 10 and 11 of Carmel Valley Neighborhood 6, Unit No. 1, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 10710, filed in the Office of the County Recorder of San Diego County.

State of California) ss
County of San Diego)

On this sixth day of December, in the year 1983, before me Sherwin Veatch, personally appeared Sherwin Veatch, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as Vice president or secretary ______ or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

Janette F. Nessel

Notary Signature

OFFICIAL SEAL
JANETTE F NESSEL
NOTARY PUBLIC - CALIFORNIA
SAN DIEGO COUNTY
My comm. expires AUG 7, 1987

place Exhibit "A" to this Amendment, attached hereto and incorporated herein by reference shall be substituted.

2. Exhibit "B" to the Declaration of Covenants, Conditions and Restrictions for The Groves at Carmel Del Mar Condominium Association is deleted. In its place Exhibit "B" attached hereto and incorporated herein by reference is substituted.

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By: [signature]
Sherwin Veatch, Vice President

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BY: [signature] JAMES B. DEERIN, JR.
Vice President and General Cour

BY: [signature]
GARY W. SWINDELL, ASST. SEC'Y.

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COUNTY OF FAIRFAX) ss

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AMERICA G. WEAR
Notary Public, State of Virginia at Large
Commission Expires October 13, 1985

[signature]
Notary Public

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THE GROVES

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4	Lot 11	28	1/28th
5.	Lot 9 and Recreation Area Lot 10	47	1/47th

Name of Unit	Plan	Size	Level
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R08NTS043

THE GROVES

EXHIBIT "B"

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Janette F. Nessel

Notary Signature

OFFICIAL SEAL
JANETTE F NESSEL
NOTARY PUBLIC - CALIFORNIA
SAN DIEGO COUNTY
My comm. expires AUG 7, 1987

facilities, and each purchaser, in accepting a deed to a condominium, expressly consents to such easement. However, no such easement can be granted if it would interfere with the use, occupancy or enjoyment by any owner of his unit, any exclusive easements over the common area or recreation area appurtenant to a condominium or the recreational facilities of the development unless approved by the vote or written consent of the holders of not less than seventy-five percent (75%) of the voting rights of each class of members and their first mortgagees.

3. USE RESTRICTIONS

3.1 Residential Use. Units shall be used for residential purposes only. However, for a period of five (5) years from the date of recordation of this declaration, units owned by declarant may be used by declarant or its designees as models, sales offices, construction offices and Design Center for the purpose of developing, improving and selling condominiums in the development and in adjacent developments owned by declarant. Nothing in this declaration shall prevent an owner or declarant from leasing or renting his condominium. However, any lease or rental agreement shall be in writing and any tenant shall abide by and be subject to all provisions of this declaration, the articles, the by-laws, and the Association rules and any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. Also, except for a mortgagee in possession of a condominium following a default in a first mortgage, a foreclosure proceeding or acceptance of a deed or other arrangement in lieu of foreclosure, no owner shall rent, lease or let his condominium for transient or hotel purposes.

3.2 Commercial Use. Except as otherwise provided in this declaration, including Section 3.1, no part of the development shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purpose.

3.3 Maintenance. Each owner of a condominium shall be responsible for maintaining his unit, including the equipment and fixtures in the unit and its interior walls, ceilings, windows and doors in a clean, sanitary, workable and attractive condition. However, each owner has complete discretion as to the choice of furniture, furnishings, and interior decorating; but windows can be covered only by drapes or shades and cannot be painted or covered by foil, cardboard, or other similar materials. Each owner also shall be responsible for repair, replacement and cleaning of the windows and glass of his unit, both exterior and interior. Unless otherwise provided in this declaration, each owner shall clean and maintain any exclusive easement appurtenant to his condominium.

3.4 Oil Drilling. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted on or in the development, and no oil wells, tanks, tunnels or mineral excavations or shafts shall be permitted on the surface of the development or within five hundred (500) feet below the surface of the development. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted on the development.

3.5 Offensive Conduct; Nuisances. No noxious or offensive activities, including but not limited to, repair of automobiles or other motorized vehicles, shall be conducted within the development. Nothing shall be done on or within the development that may be or may become an annoyance or nuisance to the residents of the development, or that in any way interferes with the quiet enjoyment of occupants of units. Unless otherwise permitted by the Association, rules, no owner shall serve food or beverages, cook, barbecue, or engage in similar activities, except within such owner's unit and except within those portions of the common area subject to exclusive easements appurtenant to such owner's condominium or common area designated for such purpose by the Association, if any.

3.6 Parking Restrictions; Use of Garage. Unless otherwise permitted by the board, no automobile shall be parked or left within the development other than within a garage, carport, or assigned or appurtenant parking stall or space. No boat, trailer, recreational vehicle, camper, truck (either in excess of three-quarter tons, flat-bed, or box), or commercial vehicle shall be parked or left within the development other than in a parking area designated by the board for the parking and storage of such vehicles. However, parking by commercial vehicles for the purpose of making deliveries shall be permitted in accordance with the Association rules. Any garages and carports shall be used for parking automobiles only and shall not be converted for living or recreational activities.

3.7 Signs. No sign of any kind shall be displayed to the public view on or from any unit or within the common area without the approval of the board, except such signs as may be used by the declarant or its designees for a period of five (5) years from the date of recordation of this declaration for the purpose of developing, selling and improving condominiums within the development. However, one sign of customary and reasonable dimensions advertising a condominium for sale or for rent may be placed within each unit or within the common area immediately adjacent to it by the owner.

3.8 Antennae, External Fixtures, Etc. No television or radio poles, antennae, flag poles, clotheslines, or other external fixtures other than those originally installed by declarants or approved by the board and any replacements shall be constructed, erected or maintained on or within the common area or any structures on it. No wiring, insulation, air-conditioning, or other machinery or equipment other than that originally installed by declarant or approved by the board, and their replacements shall be constructed, erected or maintained on or within the common area, including any structures on it. Each owner shall have the right to maintain television or radio antennae within completely enclosed portions of his unit. However, if cable television is or becomes available to such owner his right to maintain television antennae within completely enclosed portions of his unit shall terminate immediately unless the board continues to authorize their maintenance.

3.9 Fences, Etc. No fences, awnings, ornamental screens, screen doors, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the development except those that are installed in accordance with the original construction of the development, and their replacements or as are authorized and approved by the board.

3.10 Animals. No animals, reptiles, rodents, birds, fish, livestock or poultry shall be kept in any unit or elsewhere within the development except that not more than two (2) domestic dogs, cats, fish and birds inside bird cages may be kept as household pets within any unit, if they are not kept, bred or raised for commercial purposes. The board can prohibit maintenance of any animal that constitutes a nuisance to any other owner in the sole and exclusive opinion of the board. Each person bringing or keeping a pet upon the development shall be absolutely liable to other owners, their family members, guests, invitees, tenants and contract purchasers, and their respective family members, guests, and invitees for any damage to persons or property caused by any pet brought upon or kept upon the development by such person or by members of his family, his guests or invitees. All dogs shall be kept on a leash when outside the owner's unit.

3.11 Restricted Use of Recreation Vehicles, Etc. No boat, truck, trailer, camper, recreational vehicle or tent shall be used as a living area while located on the development. However, trailers or temporary structures for use incidental to the initial construction of the development or the initial sales of condominiums may be maintained within the development, but shall be promptly removed on completion of all initial construction and all initial sales.

3.12 Trash Disposal. Trash, garbage or other waste shall be kept only in sanitary containers. No owner shall permit or cause any trash or refuse to be kept on any portion of the development other than in the receptacles customarily used for it, which, shall be located only in places specifically designated for such purpose except on the scheduled day for trash pickup.

3.13 Outside Drying and Laundering. No exterior clothesline shall be erected or maintained and there shall be no exterior drying or laundering of clothes on balconies, patios, porches or other areas.

3.14 Structural Alterations. No structural alterations to the interior of or common area surrounding any unit shall be made and no plumbing or electrical work within any bearing or common walls shall be performed by any owner without the prior written consent of the board.

3.15 Exterior Alterations. No owner shall at his expense or otherwise make any alterations or modifications to the exterior of the buildings, fences, railings, or walls situated within the development without the prior written consent of the board and any institutional first mortgagee whose interest may be affected.

3.16 Compliance With Laws, Etc. Nothing shall be done or kept in any unit or in the common area or recreation area that might increase the rate of, or cause the cancellation of, insurance for the development, or any portion of the development, without the prior written consent of the board. No owner shall permit anything to be done or kept in his unit that violates any law, ordinance, statute, rule or regulation of any local, county, state or federal body. No owner shall allow furniture, furnishings, or other personalty belonging to such owner to remain within any portion of the common area or recreation area except portions subject to exclusive easements over common area appurtenant to such owner's condominium and except as may otherwise be permitted by the board.

3.17 Indemnification. Each owner shall be liable to the remaining owners for any damage to the common area or recreation area that may be sustained by reason of the negligence of that owner, members of his family, his contract purchasers, tenants, guests or invitees, but only to the extent that any such damage is not covered by insurance. Each owner, by acceptance of his deed, agrees for himself and for the members of his family, his contract purchasers, tenants, guests or invitees, to indemnify each and every other owner, and to hold him harmless from, and to defend him against, any claim of any person for personal injury or property damage occurring within the unit of that particular owner and within any exclusive easements over the common area appurtenant to the owner's condominium, unless the injury or damage occurred by reason of the negligence of any other owner or person temporarily visiting in said unit or portion of the common area subject to an exclusive easement appurtenant to the condominium or is fully covered by insurance.

3.18 Owner's Obligation For Taxes. To the extent allowed by law, all condominiums, including their pro rata undivided interest in the common area and the membership of an owner in the Association, shall be separately assessed and taxed

4.3 Powers and Duties of Association.

4.3.1 Powers. The Association shall have all the powers of a nonprofit corporation organized under the Nonprofit Mutual Benefit Corporation Law of California subject only to such limitations on the exercise of such powers as are set forth in the articles, the by-laws and this declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this declaration, the articles and the by-laws, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association, including, without limitation, the following:

4.3.1.1 Assessments. The Association shall have the power to establish, fix, and levy assessments against the owners and to enforce payment of such assessments, in accordance with the provisions of this declaration. However, the approval of members shall be required as to the amounts of all regular and special assessments except as otherwise provided in this declaration.

4.3.1.2 Right of Enforcement. The Association in its own name and on its own behalf, or on behalf of any owner who consents, can commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provision of this declaration or of the articles or by-laws, or of the Association rules or any resolutions of the board, and to enforce by mandatory injunction, or otherwise, all of these provisions. In addition, the Association can suspend the voting rights, can suspend use privileges of the common area or the recreation area or can assess monetary penalties against any owner or other person entitled to exercise such rights or privileges for any violation of this declaration or the articles, by-laws, Association rules, or board resolutions. However, any such suspension of use privileges cannot exceed a period of thirty (30) days for any one violation and any monetary penalty cannot exceed Twenty-five Dollars ($25.00) for any one violation. Each suspended or fined owner or other person can appeal such action by filing written notice of his intention to appeal with the board. The action imposing the fine or suspension shall then become ineffective until the fine or suspension is unanimously approved by all board members at a regular or special meeting of the board at which all board members are present. The owner or other person to be fined or suspended can appear, be represented by counsel and be heard at the meeting. Except as provided in this section, the Association does not have the power or authority to cause a forfeiture or abridgement of an owner's right to the full use and enjoyment of such owner's condominium if the owner does not comply with provisions of this declaration or of the articles or by-laws or the Association rules, except when the loss or forfeiture is the result of a court judgment or arbitration decision or a foreclosure or sale under a power of sale based on failure of the owner to pay assessments levied by the Association.

4.3.1.3 Delegation of Powers; Professional Management. The Association acting by and through the board can delegate its powers, duties, and responsibilities to committees or employees, including a professional managing agent ("manager"). Any agreement for professional management of the development shall be terminable by either party with or without cause and without payment of a termination fee on thirty (30) days' written notice. The term of any such agreement shall not exceed one (1) year, although such agreement may be renewed from year to year by the board. If the development is professionally maintained or managed, the board shall not terminate professional management and assume self-management of the development without the consent of seventy-five percent (75%) of first mortgagees.

4.3.1.4 Association Rules. The board shall have the power to adopt, amend and repeal the Association rules as it deems reasonable. The Association rules shall govern the use of the common area and the recreation area by all owners, or their families, guests, invitees or by any contract purchaser, or tenant, or their respective family members, guests or invitees. However, the Association rules shall not be inconsistent with or materially alter any provisions of this declaration, the articles or the by-laws. A copy of the Association rules as adopted, amended or repealed, shall be mailed or otherwise delivered to each owner and a copy shall be posted in a conspicuous place within the development. In case of any conflict between any of the Association rules and any other provisions of this declaration, the articles, or by-laws, the conflicting Association rule shall be deemed to be superseded by the provisions of this declaration, the articles or the by-laws.

4.3.2 Duties of the Association. In addition to the powers delegated to it by its articles or the by-laws, and without limiting their generality, the Association, acting by and through the board, or persons or entities described in Section 4.3.1.3, has the obligation to conduct all business affairs of common interest to all owners and to perform each of the following duties:

4.3.2.1 Operation and Maintenance of Common Area and Recreation Area. To operate, maintain, and otherwise manage or provide for the operation, maintenance and management of the common area and the recreation area, and all its facilities, improvements, and landscaping including any private driveways and private streets, and any other property acquired by the Association, including personal property, in a first-class condition and in a good state of repair. In this connection, the Association may enter into contracts for services or materials for the benefit of the Association or the common area or recreation area, including contracts with declarant. The term of any such service contract shall not exceed one (1) year so that all taxes, assessments and charges which may become liens prior to first mortgages under local law shall relate only to the individual condominiums and not to the development as a whole. Each owner shall be obligated to pay any taxes or assessments assessed by the county assessor of the county in which the development is located against his condominium and against his personal property.

3.19 Future Construction. Nothing in this declaration shall limit the right of declarant, its successors and assigns, to complete construction of improvements to the common area or the recreation area and to condominiums owned by declarant or to alter them or to construct additional improvements as declarant deems advisable before completion and sale of the entire development. The rights of declarant in this declaration may be assigned by declarant to any successor to all or any part of any declarant's interest in the development, as developer, by an express assignment incorporated in a recorded deed that transfers any such interest to a successor.

3.20 Enforcement. The failure of any owner to comply with any provision of this declaration or the articles or by-laws shall give rise to a cause of action in the Association and any aggrieved owner for the recovery of damages or for injunctive relief, or both.

4. THE ASSOCIATION

4.1 Formation. The Association is a Nonprofit Mutual Benefit Corporation formed under the Nonprofit Mutual Benefit Law of California. On the close and recording of the first condominium sale to an owner, the Association shall be charged with the duties and invested with the powers set forth in the articles, the by-laws and this declaration, including, but not limited to, control and maintenance of the common area and ownership of the recreation area and any facilities on the common area or the recreation area.

4.2 Association Action; Board of Directors and Officers; Members' Approval. Except as to matters requiring the approval of members as set forth in this declaration, the articles, or the by-laws, the affairs of the Association shall be conducted by the board and such officers as the board may elect or appoint. Such election or appointment shall be in accordance with this declaration or the by-laws, and their amendments. Except as otherwise provided in this declaration, the articles or the by-laws, all matters requiring the approval of members shall be deemed approved if members holding a majority of the total voting rights assent to them by written consent as provided in the by-laws or if approved by a majority vote of a quorum of members at any regular or special meeting held in accordance with the by-laws.

and shall be terminable by either party with or without cause and without payment of a termination fee upon thirty (30) days' written notice.

4.3.2.2 Taxes and Assessments. To pay all real and personal property taxes and assessments and all other taxes levied against the common area or recreation area, personal property owned by the Association or against the Association. Such taxes and assessments may be contested or compromised by the Association; provided, that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

4.3.2.3 Water and Other Utilities. To acquire, provide and pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas and other necessary utility services for the common area or recreation area, and for condominiums when the condominiums are not separately billed. The term of any contract to supply any of the listed services shall not exceed one (1) year or, if the supplier is a regulated public utility, the shortest term not to exceed one (1) year for which the supplier will contract at the applicable regulated rate.

4.3.2.4 Insurance. To obtain, from reputable insurance companies, and maintain the insurance described in Section 8.

4.3.2.5 Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by this declaration, that may be reasonably necessary to enforce any of the provisions of this declaration, the articles and by-laws, and the Association's rules and board resolutions.

4.3.2.6 Make available to any prospective purchaser of a Condominium, any Owner of a Condominium, any first mortgagee and the holders, insurers and guarantors of a first mortgage on any Condominium, current copies of the declaration, the Articles of Incorporation, the Bylaws, the rules governing the condominium and all other books, records and financial statements of the Association.

4.3.2.7 To permit utility suppliers to use portions of the common area reasonably necessary to the ongoing development and operation of the project.

4.3.3 Limitations on Authority of Board. Except with the vote or written assent of members of the Association holding fifty-one percent (51%) of the voting rights of each class of members, the board shall not take any of the following actions:

4.3.3.1 Incur aggregate expenditures for capital improvements to the common area or recreation area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

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

4.3.3.3 Pay compensation to members of the board or to officers of the Association for services performed in the conduct of the Association's business. However, the board may cause a member of the board or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.3.3.4 Entering into a contract with a third person wherein the third person will furnish goods or services for the common area or the Association for a term longer than one year with the following exceptions:

(i) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans' Administration;

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

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

4.4 Personal Liability. No member of the board, or of any committee of the Association, or any officer of the Association, or any manager, or declarant, or any agent of declarant, shall be personally liable to any owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without wilful or intentional misconduct.

4.5 Organizational Meeting of Members. An organizational meeting shall be held as soon as practicable after incorporation of the Association, and the directors elected then shall hold office until the first annual meeting. All offices of the board of directors shall be filled at the organizational meeting.

4.6 Regular Meetings of Members and Notice. The first annual meeting of members of the Association shall be held within forty-five (45) days after the closing of the sale of the condominium that represents the fifty-first (51st) percentile interest authorized for sale under the first final subdivision public report issued for the development by the California Commissioner of Real Estate, but in no case later than six (6) months after the closing and recording of the sale of the first condominium within the development. Thereafter, regular meetings of members of the Association shall be held at least once in each year at a time and place within the development as prescribed in the by-laws or as selected by the board. Special meetings may be called as provided for in the by-laws. Notice of all members' meetings, regular or special, shall be given by regular mail, personal delivery or telegram to all owners and to any mortgagee who has requested in writing that such notice be sent to it and shall be given not less than ten (10) days nor more than thirty (30) days before the time of the meeting and shall set forth the place, date, and hour of the meeting, and the nature of the business to be undertaken. Any mortgagee, through its designated representative, shall be entitled to attend any such meeting but except as provided in Section 14.9 shall not be entitled to vote at the meeting. The presence at any meeting in person or by proxy of members entitled to cast at least fifty-one percent (51%) of the total votes of all members of the Association shall constitute a quorum. If any meeting cannot be held because a quorum is not present, members representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the date the original meeting was called, at which adjourned meeting the quorum requirement shall be at least twenty-five percent (25%) of the total votes. Any meeting of members at which a quorum is present may be adjourned for any reason to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time of such meeting by members representing a majority of the votes present in person or by proxy. As long as a majority of the voting power of the Association resides in the declarant, or as long as there are two outstanding classes of membership in the Association, the election of twenty percent (20%) of the directors (the "specially elected directors") shall be determined at a special election held immediately before the regular election of directors (except in the case of the election of a specially elected director following removal of his predecessor). At the duly constituted meeting of members, nominations for the specially elected director shall be made from the floor. When nominations have been closed, the special election shall take place. Declarants shall not have the right to participate in or vote in such special election (although declarant or declarant's representatives may be present), and the candidates receiving the highest number of votes up to the number of specially elected directors to be elected shall be deemed to be the specially elected directors, and their term shall be the same as that of any other director. Unless members (excluding declarant) holding a majority of all voting rights (excluding any voting rights held by declarant) assent by vote or written consent, such specially elected directors cannot be removed. In case of the death, resignation, or removal of a specially elected director, his successor shall be elected at a special meeting of members, and the provisions set forth in this Section respecting the election of a specially elected director shall apply as to the election of a successor. Except as provided in this declaration, the provisions of this declaration and of the articles and by-laws applicable to directors, including their election and removal, shall apply to a specially elected director.

4.7 Financial Statements of the Association. The Board shall prepare, or cause to be prepared, a balance sheet and an operating statement for the Association as of the accounting dates set forth in this Section, and copies of each shall be distributed to each owner within sixty (60) days after the accounting dates. Except with respect to the balance sheet and operating statement for the Association prepared with respect to the first accounting date and the pro forma budget described in Section 6.4.1.1, in any fiscal year in which the gross receipts of the Association exceed Twenty Thousand Dollars ($20,000.00), the balance sheet and operating statement shall be audited or reviewed by an independent public accountant. For those purposes the accounting dates for the preparation of the balance sheet and operating statement are as follows:

4.7.1 The first accounting date shall be the last day of the month closest in time to six (6) months from the date of closing of the first sale of a condominium within the development. The balance sheet shall be rendered as of that date, and the operating statement shall be rendered for the period commencing with the date of closing of the first sale of a condominium within the development and ending as of the first accounting date. The operating statement for the first six (6) months accounting period shall include a schedule of assessments received or receiveable, itemized by unit number and by the name of the person or entity assessed.

4.7.2 The second and subsequent accounting date shall be the last day of the Association's fiscal year (which fiscal year shall be a calendar year unless a different fiscal year is adopted). The balance sheet shall be rendered as of that date, and the operating statement shall be rendered for the fiscal year it covers, and both shall be distributed to the owners within sixty (60) days after the close of the fiscal year.

4.7.3 Copies of the balance sheet, operating statement and pro forma operating statement shall be accompanied by an annual report setting forth any changes in the financial position for the fiscal year, any information required to be reported under Section 8322 of the California Corporations Code, and in the event the balance sheet has not been prepared by an independent accountant, it shall be accompanied by the

4.6 Regular Meetings of Members and Notice. The first annual meeting of members of the Association shall be held within forty-five (45) days after the closing of the sale of the condominium that represents the fifty-first (51st) percentile interest authorized for sale under the first final subdivision public report issued for the development by the California Commissioner of Real Estate, but in no case later than six (6) months after the closing and recording of the sale of the first condominium within the development. Thereafter, regular meetings of members of the Association shall be held at least once in each year at a time and place within the development as prescribed in the by-laws or as selected by the board. Special meetings may be called as provided for in the by-laws. Notice of all members' meetings, regular or special, shall be given by regular mail, personal delivery or telegram to all owners and to any mortgagee who has requested in writing that such notice be sent to it and shall be given not less than ten (10) days nor more than thirty (30) days before the time of the meeting and shall set forth the place, date, and hour of the meeting, and the nature of the business to be undertaken. Any mortgagee, through its designated representative, shall be entitled to attend any such meeting but except as provided in Section 14.9 shall not be entitled to vote at the meeting. The presence at any meeting in person or by proxy of members entitled to cast at least fifty-one percent (51%) of the total votes of all members of the Association shall constitute a quorum. If any meeting cannot be held because a quorum is not present, members representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the date the original meeting was called, at which adjourned meeting the quorum requirement shall be at least twenty-five percent (25%) of the total votes. Any meeting of members at which a quorum is present may be adjourned for any reason to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time of such meeting by members representing a majority of the votes present in person or by proxy. As long as a majority of the voting power of the Association resides in the declarant, or as long as there are two outstanding classes of membership in the Association, the election of twenty percent (20%) of the directors (the "specially elected directors") shall be determined at a special election held immediately before the regular election of directors (except in the case of the election of a specially elected director following removal of his predecessor). At the duly constituted meeting of members, nominations for the specially elected director shall be made from the floor. When nominations have been closed, the special election shall take place. Declarants shall not have the right to participate in or vote in such special election (although declarant or declarant's representatives may be present), and the candidates receiving the highest number of votes up to the number of specially elected directors to be elected shall be deemed to be the specially elected directors, and their term shall be the same as that of any other director. Unless members (excluding declarant) holding a majority of all voting rights (excluding any voting rights held by declarant) assent by vote or written consent, such specially elected directors cannot be removed. In case of the death, resignation, or removal of a specially elected director, his successor shall be elected at a special meeting of members, and the provisions set forth in this Section respecting the election of a specially elected director shall apply as to the election of a successor. Except as provided in this declaration, the provisions of this declaration and of the articles and by-laws applicable to directors, including their election and removal, shall apply to a specially elected director.

4.7 <u>Financial Statements of the Association</u>. The Board shall prepare, or cause to be prepared, a balance sheet and an operating statement for the Association as of the accounting dates set forth in this Section, and copies of each shall be distributed to each owner within sixty (60) days after the accounting dates. Except with respect to the balance sheet and operating statement for the Association prepared with respect to the first accounting date and the pro forma budget described in Section 6.4.1.1, in any fiscal year in which the gross receipts of the Association exceed Twenty Thousand Dollars ($20,000.00), the balance sheet and operating statement shall be audited or reviewed by an independent public accountant. For those purposes the accounting dates for the preparation of the balance sheet and operating statement are as follows:

4.7.1 The first accounting date shall be the last day of the month closest in time to six (6) months from the date of closing of the first sale of a condominium within the development. The balance sheet shall be rendered as of that date, and the operating statement shall be rendered for the period commencing with the date of closing of the first sale of a condominium within the development and ending as of the first accounting date. The operating statement for the first six (6) months accounting period shall include a schedule of assessments received or receiveable, itemized by unit number and by the name of the person or entity assessed.

4.7.2 The second and subsequent accounting date shall be the last day of the Association's fiscal year (which fiscal year shall be a calendar year unless a different fiscal year is adopted). The balance sheet shall be rendered as of that date, and the operating statement shall be rendered for the fiscal year it covers, and both shall be distributed to the owners within sixty (60) days after the close of the fiscal year.

4.7.3 Copies of the balance sheet, operating statement and pro forma operating statement shall be accompanied by an annual report setting forth any changes in the financial position for the fiscal year, any information required to be reported under Section 8322 of the California Corporations Code, and in the event the balance sheet has not been prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

4.7.4 Copies of each such balance sheet, operating statement and pro forma operating statement for the Association shall be mailed to any mortgagee who has requested in writing that such copies be sent to it.

4.8 Inspection of Association Books and Records.

4.8.1 Any membership register, books of account and minutes of meetings of the members, the board and committees of the board of the Association, shall be made available for inspection and copying by any member of the Association, or his duly-appointed representative, or any mortgagee, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the development as the board prescribes.

4.8.2 The board shall establish by resolution reasonable rules with respect to:

4.8.2.1 Notice to be given to the custodian of the records of the Association by the member, representative or mortgagee desiring to make an inspection.

4.8.2.2 Hours and days of the week when an inspection may be made.

4.8.2.3 Payment of the cost of reproducing copies of documents requested by a member or by a representative or mortgagee.

4.8.3 Every director of the Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

5. MEMBERSHIP AND VOTING RIGHTS

5.1 Membership.

5.1.1 Qualifications. Each owner of a condominium, including declarants, shall be a member of the Association. Ownership of a condominium or interest in it shall be the sole qualification for membership in the Association. Each owner shall remain a member of the Association until his ownership or ownership interest in all condominiums in the development ceases at which time his membership in the Association shall automatically cease. Persons or entities who hold an interest in a condominium merely as security for performance of an obligation are not to be regarded as members.

5.1.2 Members' Rights and Duties. Each member shall have the rights, duties, and obligations set forth in this declaration, the articles, the by-laws and the Association's rules, as the same may from time to time be amended.

5.1.3 Transfer of Membership. The Association membership of each person or entity who owns, or owns an interest in, one or more condominiums shall be appurtenant to each such condominium, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except on a transfer of title to each such condominium or interest in it and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a condominium or interest in it shall operate automatically to transfer the appurtenant membership rights in the Association to the new owner.

5.2 Voting.

5.2.1 Number of Votes. The Association shall have two (2) classes of voting membership:

Class A: Class A members are all owners, with the exception of declarant. Each Class A member shall be entitled to one (1) vote for each condominium in which such class member owns an interest in a condominium, the vote for such condominium shall be exercised as they themselves determine, but in no case shall more than one (1) vote be cast with respect to any one condominium.

Class B: The Class B members shall be the declarant who shall be entitled to three (3) votes for each condominium owned. The Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier:

5.2.1.1 When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

5.2.1.2 On the second anniversary of the original issuance of the final subdivision public report for the development by the Commissioner of Real Estate of the State of California for any phase of the overall development; or

5.2.1.3 On the fourth anniversary of the issuance of the original public report on the properties.

Notwithstanding the above, the Class B membership shall be reinstated whenever additional lands are annexed pursuant to Section 16, subject to subsequent cessation in accordance with the above provisions. As long as two classes of members in the Association exist, no action by the Association that must have the prior approval of the Association members shall be deemed approved by the members unless approved by the appropriate percentage of both classes of members.

5.2.2 Joint Owner Votes. The voting rights for each condominium may not be cast on a fractional basis. If the joint owners of a condominium are unable to agree among themselves as to how their voting rights shall be cast, they shall forfeit the vote on the matter in question. If any owner exercises the voting rights of a particular condominium, it will be conclusively presumed for all purposes that he was acting with the authority and consent of all other owners of the same condominium. If more than one (1) person or entity exercises the voting rights for a particular condominium, their votes shall not be counted and shall be deemed void.

5.2.3 Cumulative Voting. Voting for the governing body shall be by secret written ballot. Election to and removal from the board shall be cumulative voting as defined in California Corporations Code, Section 708, except that no member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the member has been given notice at the meeting prior to the voting of the member's intention to cumulate votes. If any one member has given such notice, all members may cumulate their votes for candidates in nomination. Each owner shall be entitled to vote, in person or by proxy, as many votes as such owner is entitled to exercise as provided in this declaration multiplied by the number of directors to be elected or removed, and he may cast all of such votes for or against a single candidate or director, or he may distribute them among the number of candidates or directors to be elected or removed, or any two or more of them. The candidates receiving the highest number of votes up to the number of board members to be elected shall be deemed elected. As to removal, any or all of the directors may be removed without cause if such removal is approved by the outstanding shares, subject to the following: no director may be removed (unless the entire board is removed) when the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of the director's most recent election were then being elected. The candidates receiving the highest number of votes up to the number of board members to be elected shall be deemed elected.

6. ASSESSMENTS

6.1 Agreement to Pay. The declarant, for each condominium owned by it in the development that is expressly made subject to assessment as set forth in this declaration, covenant and agree, and each purchaser of a condominium by his acceptance of a deed covenants and agrees, for each condominium owned, to pay to the Association regular assessments and special assessments, such assessments to be established, made and collected as provided in this declaration.

6.2 Personal Obligations. Each assessment or installment, together with any late charge, interest, collection costs and reasonable attorneys' fees, shall be the personal obligation of the person or entity who was an owner at the time such assessment, or installment became due and payable. If more than one person or entity was the owner of a condominium, the personal obligation to pay such assessment, or installment respecting such condominium shall be both joint and several. Late charges levied pursuant to this paragraph shall not exceed the following rates computed on the outstanding balance, which shall include any late charges previously assessed and unpaid, from month to month:

(1) On so much of the outstanding balance as does not exceed One Thousand Dollars ($1,000), 1.5 percent.

(2) If the outstanding balance is more thatn One Thousand Dollars ($1,000), one percent on the excess over One Thousand Dollars ($1,000) of the outstanding balance.

(3) If the late charge so computed is less than Ten Dollars ($10) for any month, Ten Dollars ($10). No charge may be imposed more than once for the delinquency of the same payment, provided, however, that the imposition of a late charge on any delinquent payment shall not eliminate or supersede charges imposed on prior delinquent payments. The payment of an assessment is not delinquent for the purpose of this paragraph until at least 30 days following the due date of the assessment. When an assessment is paid more than 30 days after the due date of the assessment, late charges shall accrue from the first day following the due date of the assessment.

The personal obligation for delinquent assessments, or delinquent installments and other such sums, shall not pass to an owner's successors in interest unless expressly assumed by them. No owner may exempt himself from payment of assessments, or installments, by waiver of the use or enjoyment of all or any portion of the common area or the recreation area or by waiver of the use or enjoyment of, or by abandonment of, his condominium.

6.3 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the members of the association, the improvement, replacement, repair, operation and maintenance of the common area and the recreation area and the performance of the duties of the Association as set forth in this declaration.

6.4 Assessments.

6.4.1 Regular Assessments.

6.4.1.1 Not less than sixty (60) days before the beginning of each fiscal year of the Association, the board shall prepare or cause to be prepared a pro forma operating statement or budget for the forthcoming fiscal year and shall distribute a copy thereof to each owner and to each mortgagee which has requested in writing that copies be sent to it. Any owner or mortgagee may make written comments to the board with respect to said pro forma operating statement. The pro forma operating statement shall be prepared consistently with the prior fiscal year's operating statement and shall include adequate reserves for contingencies and for maintenance, repairs and replacement of the common area and recreation area improvements and other improvements or personal property likely to need maintenance, repair or replacement, which reserves shall be sufficient to satisfy the requirements of any institutional mortgagee.

6.4.1.2 Not more than sixty (60) days nor less than thirty (30) days before the beginning of each fiscal year of the Association, the board shall meet for the purpose of establishing the regular annual assessment for the forthcoming fiscal year. At such meeting the board shall review the pro forma operating statement or budget, and written comments received and any other information available to it and, after making any adjustments that the board seems appropriate, without a vote of the members of the Association, shall establish the regular assessment for the forthcoming fiscal year; provided, however, that the board may not establish a regular assessment for any fiscal year of the Association which is more than one hundred ten percent (110%) of the regular assessment of the prior fiscal year of the Association (except the first such fiscal year of the Association if it should be less than twelve (12) months) without the approval by vote or written consent of members holding fifty-one percent (51%) of the voting rights of each class of members.

6.4.1.3 Unless the Association or its assessment income shall be exempt from federal or state income taxes, to the extent possible, all reserves shall be accounted for and handled as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in such other manner authorized by law or regulations of the Internal Revenue Service and the California

Franchise Tax Board as will prevent such funds from being taxed as income of the Association.

6.4.2 Special Assessments. If the board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the common area or the recreation area, the board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by a majority vote of the board it shall become a special assessment. The board may, in its discretion, pro rate such special assessment over the remaining months of the fiscal year or levy the assessment immediately against each condominium. Unless exempt from federal or state income taxation, all proceeds from any special assessment shall be segregated and deposited into a special account and shall be used solely for the purpose or purposes for which it was levied or it shall be otherwise handled and used in a manner authorized by law or regulations of the Internal Revenue Service or the California Franchise Tax Board in order to avoid, if possible, its taxation as income of the Association.

6.4.3 Limitation Respecting Special Assessments. Any special assessment in excess of five percent (5%) of the budgeted gross expense of the Association for the fiscal year in which a special assessment is levied shall require approval by vote or written consent of fifty-one percent (51%) of the holders of voting rights of each class of members, except in case of a special assessment against an owner as a remedy utilized by the board to reimburse the Association for costs incurred in bringing the member or his condominium into compliance with the provisions of this declaration.

6.5 Uniform Rate of Assessment. Except as otherwise specifically provided in this declaration, including Sections 4.3.1.2, 6.4.3 and 9.6, regular and special assessments must be fixed at a uniform rate for all condominiums and regular and special assessments shall be determined by dividing the amount by the total number of condominiums then within the development and subject to assessment.

6.6 Assessment Period. The regular assessment provided for herein shall commence as to all condominiums in each phase of the project on the first day of the month following the conveyance of the first condominium to an owner in that phase or on the first day of the month following the conveyance of the Recreation Area to the Association, if any, in that phase, whichever shall first occur.

6.7 Notice and Assessment Installment Due Dates. A single ten (10) day prior written notice of each annual regular assessment and each special assessment shall be given to any owner of every condominium subject to assessment in which the due dates for the payments of installments shall be specified. The due dates for the payment of installments normally shall be the first day of each month unless some other due date is established by the board. Each installment of regular assessments and special assessments shall become delinquent if not paid within thirty (30) days after its due date. There shall accrue with each delinquent installment a late charge at a rate consistent with the rate charged in Section 6.2 together with interest at the rate of ten percent (10%) per annum calculated from the due date to and including the date full payment is received by the Association.

6.8 Estoppel Certificate. The board or manager, on not less than twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request a statement in writing stating whether or not to the knowledge of the Association, a particular owner is in default as to his condominium under the provisions of this declaration and further stating the dates to which installments of assessments, regular or special, have been paid as to such condominium. Any such certificate may be relied on by any prospective purchaser or mortgagee of the condominium, but reliance on such certificate may not extend to any default not involving the payment of assessments of which the signer had no actual knowledge.

6.9 Capitalization of Association. Upon acquisition of record title to a Condominium from Declarant, each Owner shall contribute to the capital of the Association an amount equal to one-sixth (1/6) the amount of the then annual assessment for that Condominium as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom to the Association. Within sixty (60) days after close of the first sales escrow of a Condominium by Declarant, as seller, Declarant shall deposit into an escrow an amount equal to one-sixth (1/6) of the then annual assessment for any and all Condominiums not yet sold. Escrow shall remit these funds to the Association. Upon the close of escrow of any Condominium for which the capital contribution was prepaid by Declarant, escrow shall remit to the Declarant the capital contribution collected from the Owner.

7. COLLECTION OF ASSESSMENTS: LIENS

7.1 Right to Enforce. The right to collect and enforce assessments is vested in the board acting for and on behalf of the Association. The board or its authorized representative, including any manager, can enforce the obligations of the owners to pay assessments provided for in this declaration by commencement and maintenance of a suit at law or in equity, or the board may foreclose by judicial proceedings or through the exercise of the power of sale pursuant to Section 7.2 to enforce the lien rights created. Suit to recover a money judgment for unpaid assessments together with all other amounts described in Section 6.2 shall be maintainable without foreclosing or waiving the lien rights. Notwithstanding anything else to the contrary herein, a monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with governing instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities for which the Member was allegedly responsible or in bringing the Member and his subdivision interest into compliance with the governing instruments of the Association may not be characterized nor treated as an assessment which may become a lien against the Member's unit enforceable by a sale of the interest hereunder. The limitation in the preceding sentence, however, does not apply to charges imposed against a Member consisting of the late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in efforts to collect delinquent assessments.

7.2 Creation of Lien. If there is a delinquency in the payment of any assessment, or installment on a condominium, as described in Section 6.7, any amounts that are delinquent, together with the late charge described in that section, interest at the rate of ten percent (10%) per annum, and all costs that are incurred by the board or its authorized representative in the collection of the amounts, including reasonable attorneys' fees, shall be a lien against such condominium upon the recordation in the office of the County Recorder of San Diego County of a notice of assessment as provided in California Civil Code, Section 1356. The notice of assessment shall not be recorded unless and until the board or its authorized representative has delivered to the delinquent owner or owners, not less than fifteen (15) days before the recordation of the notice of assessment, a written notice of default and a demand for payment, and unless such delinquency has not been cured within said fifteen (15) day period. The lien shall expire and be void unless, within one (1) year after recordation of the notice of assessment, the board or its authorized representative records a notice of default as provided hereinafter or institutes judicial foreclosure proceedings with respect to such lien.

7.3 Notice of Default; Foreclosure. Not more than one (1) year nor less than fifteen (15) days after the recording of the notice of assessment, the board or its authorized representative can record a notice of default and can cause the condominium with respect to which a notice of default has been recorded to be sold in the same manner as a sale is conducted under California Civil Code, Sections 2924, 2924b and 2924c, or through judicial foreclosure. However, as a condition precedent to the holding of any such sale under Section 2924c appropriate publication shall be made. In connection with any sale under Section 2924c the board is authorized to appoint its attorney, any officer or director, or any title insurance company authorized to do business in California as trustee for purposes of conducting the sale. If a delinquency is cured before sale, or before completing a judicial foreclosure, the board or its authorized representative shall cause to be recorded in the office of the county recorder of the county in which the development is located a certificate setting forth the satisfaction of such claim and release of such lien upon payment of actual expenses incurred, including reasonable attorneys' fees by any delinquent owner. On becoming delinquent in the payment of any assessments, or installments each delinquent owner shall be deemed to have absolutely assigned all rent, issues and profits of his condominium to the Association and shall further be deemed to have consented to the appointment of a receiver (which appointment may, at the election of the Association, be enforced by the Association through specific performance). The Association, acting on behalf of the owners, shall have the power to bid upon the condominium atforeclosure sale and to acquire, hold, lease, mortgage and convey the condominium.

7.4 Waiver of Exemptions. Each owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Section 7, the benefit of any homestead or exemption laws of California in effect at the time any assessment, or installment, becomes delinquent or any lien is imposed.

8. INSURANCE

8.1 Liability Insurance. The Association shall obtain and maintain comprehensive public liability insurance insuring the Association, any manager, the declarants and the owners and occupants of condominiums, and their respective family members, guests, invitees, and the agents and employees of each, against any liability incident to the ownership or use of the common area and the recreation area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than $1,000,000 covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, property of others and any other liability or risk customarily covered with respect to projects similar in construction, location, and use.

8.2 Fire and Extended Coverage Insurance. The Association also shall obtain and maintain a master or blanket policy of fire insurance for the full insurable value of all of the improvements within the development. The form, content, and term of the policy and its endorsements and the issuing company must be satisfactory to all institutional first mortgagees. If more than one institutional first mortgagee has a loan of record on condominiums in the development, the policy and endorsements shall meet the maximum standards of the various institutional first mortgagees represented in the development. The policy shall contain an agreed amount endorsement or its equivalent, an increased cost of construction endorsement or a contingent liability from operation of building laws endorsement or their equivalent, an extended coverage endorsement, vandalism, malicious mischief coverage, a special form endorsement and a determinable cash adjustment clause or a similar clause to permit cash settlement covering full value of the improvements in case of partial destruction and a decision not to rebuild. The policy shall provide amounts of coverage as shall be determined by the board. The policy shall name as insured the Association, the owners and declarant, as long as declarant is the owner of any condominium, and all mortgagees as their respective interests may appear, and may contain a loss payable endorsement in favor of the trustee described hereinafter.

8.3 Individual Fire Insurance Limited. Except as provided in this Section, no owner shall separately insure his unit against loss by fire or other casualty covered by any insurance carrier under Section 8.2. If any owner violates this provision, any diminution in insurance proceeds otherwise payable under policies described in Section 8.2 that results from the existence of such other insurance will be chargeable to the owner who acquired other insurance, and such owner will be liable to the Association to the extent of any such diminution. An owner can insure his personal property against loss. In addition, any improvements made by an owner within his unit may be separately insured by the owner, but the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements." All such insurance that is individually carried must contain a waiver of subrogation rights by the carrier as to other owners, the Association, declarant and institutional first mortgagee of such condominium.

8.4 Trustee. All insurance proceeds payable under Sections 8.2 and 8.3, subject to the rights of mortgagees under Section 8.8, may be paid to a trustee, to be held and expended for the benefit of the owners, mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank in the county in which the development is located that agrees in writing to accept such trust. If repair or reconstruction is authorized, the board shall have the duty to contract for such work as provided for in this declaration.

8.5 Other Insurance. The board shall also purchase a fidelity bond covering members of the board, officers and employees of the Association and employees of any management agent, whether or not such persons are compensated for their services, naming the Association as the insured and written in an amount equal to at least one hundred fifty percent (150%) of the Association's annual assessments plus reserves. The board may and, if required by any institutional first mortgagee, shall purchase and maintain demolition insurance in adquate amounts to cover demolition in case of total or partial destruction and a decision not to rebuild, and a blanket policy of flood insurance. The board also may purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Association. The board also may purchase and maintain fidelity bonds or insurance (which shall be in an amount not less than 150% of each year's estimated annual operating expenses and reserves and shall contain an endorsement of coverage of any person who may serve without compensation) sufficient to meet the requirements of any institutional first mortgagee. The board may purchase and maintain such insurance on personal property owned by the Association, and any other insurance, that it deems necessary or that is required by any institutional first mortgagee.

8.6 Owner's Insurance. An owner may carry whatever personal liability and property damage liability insurance with respect to his condominium that he desires. However, any such policy shall include a waiver of subrogation clause acceptable to the board and to any institutional first mortgagee.

8.7 Adjustment of Losses. The board is appointed attorney-in-fact by each owner, with the exception of the Administrator of Veterans Affairs, an Officr of the United States of America, to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 8.1, 8.2 and 8.5. The board is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

8.8 Distribution to Mortgagees. Any mortgagee has the option to apply insurance proceeds payable on account of a condominium in reduction of the obligation secured by the mortgage of such mortgagee.

9. DESTRUCTION OF IMPROVEMENTS

9.1 Destruction; Proceeds Exceed 85% of Reconstruction Costs. If there is a total or partial destruction of the improvements in the development, and if the available proceeds of the insurance carried pursuant to Section 8 are sufficient to cover not less than eight-five percent (85%) of the costs of repair and reconstruction, the improvements shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, members then holding at least seventy-five percent (75%) of the total voting power of each class of members present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that such repair and reconstruction shall not take place. If repair and reconstruction is to take place, the board shall be required to execute, acknowledge and record in the office of the San Diego County recorder not later than one hundred twenty (120) days from the date of such destruction, a certificate declaring the intention of the members to rebuild.

9.2 Destruction; Proceeds Less than 85% of Reconstruction Costs. If the proceeds of insurance are less than eighty-five percent (85%) of the costs of repair and reconstruction, repair and reconstruction may nevertheless take place if, within ninety (90) days from the date of destruction, members then holding at least fifty-one percent (51%) of the total voting power of each class of members present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that such repair and reconstruction shall take place. If repair and reconstruction is to take place, the board shall execute, acknowledge and record in the office of the San Diego County recorder not later than one hundred twenty (120) days from the date of such destruction a certificate declaring the intention of the members to rebuild.

9.3 Rebuilding Procedures. If the members determine to rebuild, pursuant to Sections 9.1 or 9.2, each owner shall be obligated to contribute his proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. The proportionate share of each owner shall be equal to the ratio of the square footage of the floor area of the unit assessed to the total square footage of floor area of all units assessed. If any owner fails or refuses to pay his proportionate share, the board may levy a special assessment against the condominium of such owner which may be enforced under the lien provisions contained in Section 7 or in any other manner provided in this declaration. If any owner disputes the amount of his proportionate liability under this Section, such owner may contest the amount of his liability by submitting to the board within ten (10) days after notice to the owner of his share of the liability written objections supported by cost estimates or other information that the owner deems to be material and may request a hearing before the board at which he may be represented by counsel. Following such hearing, the board shall give written notice of its decision to all owners, including any recommendation that adjustments be made with respect to the liability of any owners. If such adjustments are recommended, the notice shall schedule a special meeting of members for the purpose of acting upon the board's recommendation, including making further adjustments, if deemed by the members to be necessary or appropriate. All adjustments shall be affirmed or modified by a majority of the total voting power of each class of members. If no adjustments are recommended by the board, the decision of the board shall be final and binding on all owners, including any owner filing objections.

9.4 Rebuilding Contract. If the members determine to rebuild, the board or its authorized representative shall obtain bids from at least two reputable contractors and shall accept the repair and reconstruction work from whomever the bid behooves to be in the best interests of the members. The board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds held by the trustee shall be disbursed to the contractor according to the terms of the contract. It shall be the obligation of the board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

9.5 Rebuilding Not Authorized. If the members determine not to rebuild, then, subject to the rights of mortgagees under Section 8.8, any insurance proceeds then available for such rebuilding shall be distributed to the owner of each condominium in proportion to the fair market value of the units at the time of destruction as determined by an independent appraisal conducted by a member of the American Institute of Real Estate Appraisers with the designation of Member Appraisal Institute (M.A.I.) or if said institute no longer exists, an appraiser of comparable experience. The board shall have the duty, within one hundred twenty (120) days from the date of such destruction, to execute, acknowledge and record in the office of the County Recorder of said County, a certificate declaring the intention of the members not to rebuild.

9.6 Minor Repair and Reconstruction. The board shall have the duty to repair and reconstruct improvements, without the consent of members and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed Ten Thousand Dollars ($10,000.00). The board is expressly empowered to levy a special assessment for the cost of repairing and reconstructing improvements to the extent insurance proceeds are unavailable, such assessment to be levied as described in Section 9.3 (but without the consent or approval of members, despite any contrary provisions in this declaration).

9.7 Revival of Right to Partition. On recordation of a certificate described in Section 9.5, the right of any owner to partition through legal action as described in Section 11 shall revive immediately.

10. CONDEMNATION

10.1 Sale by Unanimous Consent. If an action for condemnation of all or a portion of the development is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the owners and after written notice to all mortgagees, the development, or a portion of it may be sold by the board acting as irrevocable attorney-in-fact of all of the owners for a price deemed fair and equitable by the board but in no event less than the aggregate unpaid balance of all mortgages encumbering condominiums in the development.

10.2 Distribution of Proceeds of Sale. On a sale occurring under Section 10.1, the proceeds shall be distributed to the owner and the mortgagees of each condominium as their respective interests may appear in proportion to the fair market value of the units at the date of the sale as determined by an independent appraisal conducted by a member of the American Institute of Real Estate Appraisers with the designation of a Member Appraisal Institute (M.A.I.) or if such institute no longer exists, an appraiser of comparable experience.

10.3 Distribution of Condemnation Award. If the development, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall be its terms apportion the award among the owners and their respective mortgagees.

10.4 Revival of Right to Partition. On sale or on taking that renders more than fifty percent (50%) of the units in the development uninhabitable, the right of any owner to partition through legal action shall revive immediately.

11. PARTITION

11.1 Suspension. The right of partition is suspended pursuant to California Civil Code, Section 1354 as to the development. Partition of the development can be had on a showing that the conditions for such partition as stated in Section 9.7 or in Section 10.4 have been met. Nothing in this declaration shall prevent partition or division of interest between joint or common owners of any condominium.

11.2 Distribution of Proceeds. Proceeds or property resulting from a partition shall be distributed to and among the respective owners and their mortgagees as their interests appear in proportion to each owner's respective percentage undivided interest in the common area.

11.3 Power of Attorney. The power of attorney herein granted may be exercised by the vote or written consent of owners holding in the aggregate at least two third (2/3) of the interest in the Common Area by any two (2) members of the board who are hereby authorized to record a Certificate of Exercise in the Office of the County Recorder, San Diego County, which Certificate shall be conclusive evidence thereof in favor of any person relying thereon in good faith; provided, however, that said power of attorney shall not apply to the administrator of Veteren's Affairs, an officer of the United States of America.

12. NON-SEVERABILITY OF COMPONENT INTERESTS IN A CONDOMINIUM

12.1 Prohibition Against Severance. An owner shall not be entitled to sever his unit in any condominium from his membership in the Association, and shall not be entitled to sever his unit and his membership from his undivided interest in the common area for any purpose. None of the component interests in a condominium can be severally sold, conveyed, encumbered, hypothecated or otherwise dealt with, and any violation or attempted violation of this provision shall be void. Similarly, no owner can sever any exclusive easement appurtenant to his unit over the common area from his condominium, and any attempt to do so shall be void. The suspension of such right of severability will not extend beyond the period set forth in Section 11 respecting the suspension of partition. It is intended hereby to restrict severability pursuant to California Civil Code, Section 1355(g).

12.2 Conveyances. After the initial sales of the condominiums, any conveyance of a condominium by an owner shall be presumed to convey the entire condominium. However, nothing contained in this section shall preclude the owner of any condominium from creating a cotenancy or joint tenancy in the ownership of the condominium with any other person or persons.

13. TERM OF DECLARATION

This declaration shall run with the land, and shall continue in full force and effect for a period of fifty (50) years from the date on which this declaration is recorded. After that time, this declaration and all covenants, conditions, restrictions and other provisions shall be automatically extended for successive ten (10) years periods unless this declaration is revoked by an instrument executed by owners and their respective institutional first mortgagees of not less than three-fourths (3/4) of the condominiums in the development and recorded in the office of the county recorder of the county in which the development is located.

14. PROTECTION OF MORTGAGEES

14.1 Mortgage Permitted. Any owner may encumber his condominium with a mortgage.

14.2 Subordination. The lien of the assessments, including interest, costs (including attorneys' fees), and late charges subject to the limitations of Civil Code §1725, provided for herein shall be subordinate to the lien of any first mortgage upon any Condominium. Sale or transfer of any condominium shall not effect the assessment lien.

14.3 Amendment. The prior written consent of seventy-five percent (75%) of the holders of all first mortgagees (based upon one vote for each mortgage held) shall be required to any material amendment to this declaration, to the articles or to the by-laws. As used in this Section 14.3, the term "any material amendment" is defined to mean amendments to provisions of this declaration, to the articles or to the by-laws governing the following subjects:

14.3.1 The purpose for which the development may be used;

14.3.2 Voting;

14.3.3 Assessments, collection of assessments, creation and subordination of assessment liens;

14.3.4 Reserves for repair and replacement of common area or recreation area improvements;

14.3.5 Maintenance of common area, recreation area and improvements thereon;

14.3.6 Casualty and liability insurance;

14.3.7 Rebuilding or reconstruction of common area, recreation area and improvements thereon, in the event of damage or destruction;

14.3.8 Rights of use to and in the common area and recreation area;

14.3.9 Annexation of additional property; and

14.3.10 Any provision, which by its terms, is specifically for the benefit of first mortgagees, or specifically confers rights on first mortgagees.

14.4 Restrictions on Certain Changes. Provided that the mortgagee informs the Association in writing of its appropriate address and requests in writing to be notified, neither the Association nor any Owner shall do any of the following, unless seventy-five percent (75%) of tbe first mortgagees of mortgages encumbering condominiums (based upon one (1) vote for each mortgage) has given their prior written approval:

14.4.1 by act or omission to seek to abandon or terminate the condominium project, except for abandonment provided by statute in case of substantial loss to the units and common area;

14.4.2 to change the method of determining the obligations, assessments, dues or other charges which may be levied against an owner, or to change the pro rata interest or obligations of any condominium for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro rata share of ownership of each owner in the common area;

14.4.3 to partition or subdivide any unit;

14.4.4 by act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the common area or the recreation area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common area by the Association or the owners shall not be deemed to be a transfer within the meaning of this clause.

14.4.5 to use hazard insurance proceeds for losses to units or common area or recreation area improvements in the development or to any other Association property, for other than the repair, replacement or reconstruction of such improvements or property except as provided by statute in case of substantial loss to the units or common area of the development.

14.4.6 by act or omission to change, waive or abandon the provisions of this declaration, or the enforcement thereof, pertaining to architectural design or control of the exterior appearance of structures in the development, the maintenance of the common area and the recreation area, walks or fences and driveways, or the upkeep of lawns and plantings in the development.

14.5 Right to Examine Books and Records. Institutional first mortgagees can examine the books and records of the Association or the condominium project and can require the submission of financial data concerning the Association or the condominium project, including annual audit reports and operating statements as furnished to the owners.

14.6 Distribution of Insurance and Condemnation Proceeds. No owner, or any other party, shall have priority over any right of institutional first mortgagees of condominiums pursuant to their mortgages in case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of units or common area. Any provision to the contrary in this declaration or in the by-laws or other documents relating to the development is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected institutional first mortgagees naming the mortgagees, as their interests may appeaar.

14.7 Amenities. All amenities (such as parking, recreation and service areas) and common area or recreation area shall be available for use by owners and all such amenities with respect to which regular or special assessments for maintenance or other uses may be levied shall constitute common area or recreation area. All such amenities shall be owned in fee by the owners in undivided interests or by the Association free of encumbrances except for any easements granted for public utilities or for other public purposes consistent with the intended use of such property by the owners or by the Association.

14.8 Notices to Mortgagees of Record. Upon any loss to any unit covered by a mortgage, if such loss exceeds One Thousand Dollars ($1,000.00), or on any loss to the common area, if such loss exceeds Ten Thousand Dollars ($10,000.00), or on any taking of the common area, notice in writing of such loss or taking shall be given to each mortgagee of record. If any owner of a unit is in default under any provision of these covenants, conditions and restrictions, or under any provision of the by-laws or the Association rules, which default is not cured within thirty (30) days after written notice to such owner, the

Association shall give to the mortgagee of record of such owner written notice of such default and of the fact that said thirty (30) day period has expired.

14.9 Voting Rights on Default. In case of default by any owner in any payment due under the terms of any institutional first mortgage encumbering such owner's condominium, or the promissory note secured by the mortgage, the mortgagee or his representative, on giving written notice to such defaulting owner or owners, and placing of record a notice of default, is hereby granted a proxy and can exercise the voting rights of such defaulting owner attributable to such condominium at any regular or special meeting of the members held during such time as such default may continue.

14.10 Payments by Mortgagees. Mortgagees of condominiums may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against the common area or recreation area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for common area or recreation area improvements or other insured property of the Association and, upon making any such payments, such mortgagees shall be owed immediate reimbursement therefor from the Association. This provision shall constitute an agreement by the Association for the express benefit of all mortgagees and upon request of any mortgagee the Association shall execute and deliver to such mortgagee a separate written agreement embodying the provisions of this Section 14.10.

14.11 Effect of Breach. No breach of any provision of these covenants, conditions and restrictions shall invalidate the lien of any mortgage in good faith and for value, but all of covenants, conditions and restrictions shall be binding on any owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

14.12 Foreclosure. If any condominium is encumbered by a first mortgage or first deed of trust made in good faith and for value, the foreclosure of any lien created by any provision set forth in this declaration for assessments, or installments of assessments, shall not operate to affect or impair the lien of the mortgage. On foreclosure of the mortgage, the lien for assessments, or installments, that has accrued up to the time of foreclosure shall be subordinate to the lien of the mortgage, with the foreclosure-purchaser taking title to the condominium free of the lien for assessments, or installments, that has accrued up to the time of the foreclosure sale. On taking title to the condominium the foreclosure-purchaser shall only be obligated to pay assessments or other charges levied or assessed by the Association after the foreclosure-purchaser acquired title to the condominium. The subsequently levied assessments or other charges may include previously unpaid assessments provided all owners, including the foreclosure-purchaser, and his successors and assigns are required to pay their proportionate share as provided in this section.

14.13 Non-Curable Breach. Any mortgagee who acquires title to a condominium by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall not be obligated to cure any breach of this declaration that is non-curable or of a type that is not practical or feasible to cure.

14.14 Loan to Facilitate. Any mortgage given to secure a loan to facilitate the resale of a condominium after acquisition by foreclosure or by a deed-in-lieu of foreclosure or by an assignment-in-lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this Section 14.

14.15 Appearance at Meetings. Because of its financial interest in the development, any mortgagee may appear (but cannot vote except under the circumstances set forth in Section 14.9) at meetings of the members and the board to draw attention to violations of this declaration that have not been corrected or made the subject of remedial proceedings or assessments.

14.16 Right to Furnish Information. Any mortgagee can furnish information to the board concerning the status of any mortgage.

14.17 Inapplicability of Right of First Refusal to Mortgagee. No right of first refusal or similar restriction on the right of an owner to sell, transfer or otherwise convey the owner's condominium shall be granted to the Association without the written consent of any mortgagee of the condominium. Any right of first refusal or option to purchase a unit that may be granted to the Association (or other person, firm or entity) shall not apply to any conveyance or transfer of title to such condominium, whether voluntary or involuntary, to a mortgagee which acquires title to or ownership of the unit pursuant to the remedies provided in its mortgage or by reason of foreclosure of the mortgage or deed or assignment in lieu of foreclosure.

14.18 Contracts with Declarant. Any agreement between the Association and declarant pursuant to which the declarant agrees to provide services shall provide for termination by either party without cause or payment of a termination fee on thirty (30) days written notice and shall have a maximum contract term of one (1) year; provided that the board can renew any such contract on a year-to-year basis.

14.19 Requirements of FHA.

14.19.1 For purposes of this Declaration, "FHA" shall mean and refer to the United States Department of Housing and Urban Development.

14.19.2 Declarant desires that loans secured by mortgages encumbering condominiums within the development qualify for mortgage insurance by FHA.

14.19.3 In order to carry out the intentions of Section 14.19.2, the Association may execute a Regulatory Agreement (FHA Form No. 3280-A or any subsequent form in replacement threof) with the Secretary of the United States Department of Housing and Urban Development acting by and through the Federal Housing Commissioner. To the extent said Regulatory Agreement is in effect according to its terms:

14.19.3.1 All owners, tenants and occupants of condominiums in the development covenant and agree that the administration of the development shall be in accordance with the terms and provisons of said Regulatory Agreement and that such terms and provisions of said Regulatory Agreement shall be fully complied with.

14.19.3.2 To the extent any matters in this Declaration or in the articles or in the by-laws are in any way inconsistent with any matters in said Regulatory Agreement, then any such inconsistent matters in said Regulatory Agreement shall prevail.

14.19.3.3 Without limiting the foregoing, the right to lease condominiums in the development shall be subject to all terms and provisions of said Regulatory Agreement.

14.20 Conflicts. In the event of any conflict between any of the provisions of this Section 14 and any other provisions of this Declaration, the provisions of this Section 14 shall control; provided, however, in the event of any conflict between any of the provisions of Section 14.19 hereof entitled "Requirements of FHA," and any other provisions of this Section 14, the provisions of Section 14.19 shall control.

15. AMENDMENT

15.1 Amendment Before the Close of First Sale. Before the close of the first sale of a condmminium in the development to a purchaser other than declarants, this declaration and any amendments to it may be amended in any respect or revoked by the execution by declarant and any mortgagee of record of an instrument amending or revoking the declaration. The amending or revoking instrument shall make appropriate reference to this declaration and its amendments and shall be acknowledged and recorded in the office of the county recorder of the county in which the development is located.

15.2 Amendment After Close of First Sale. After the close of the first sale of a condominium in the development to a purchaser other than declarant, this declaration may be amended or revoked in any respect as follows:

(i) If the two-class voting structure provided for in Section 5.2 is still in effect, by the vote or written consent of holders of not less than seventy-five percent (75%) of the voting rights of each class of members; or

(ii) If the two-class voting structure set forth in Section 5.2 is no longer in effect because of the conversion of one class to the other, then by the vote or written consent of the holders of not less than seventy-five percent (75%) of the total voting power of the Association and at least a bare majority of the votes of members other than the declarant.

However, if any provision of this declaration requires a greater or lesser percentage of the voting rights of any class of members in order to take affirmative or negative action under such provision, the same percentage of such class or classes of members shall be required to amend or revoke such provision. Also, if the consent or approval of any governmental authority, mortgagee or other person, firm, agency or entity is required under this declaration with respect to any amendment or revocation of any provision of this declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained. Any amendment or revocation subsequent to the close of such first sale shall be evidenced by an instrument certified by the Secretary or other duly authorized officer of the Association and shall make appropriate reference to this declaration and its amendments and shall be acknowledged and recorded in the office of the county recorder of the county in which the development is located.

15.3 Conflict with Section 14 or Other Provisions of this Declaration. To the extent any provisions of this Section 15 conflict with the provisions of Section 14 or any other provision of this declaration, except those contained in Section 15.4, the provisions of Section 14 or the other provisions shall control.

15.4 Business and Professions Code Section 11018.7. All amendments or revocations of this declaration shall comply with the provisions of California Business and Professions Code, Section 11018.7 to the extent said Section is applicable.

15.5 Reliance on Amendments. Any amendments made in accordance with the terms of this declaration shall be presumed valid by anyone relying on them in good faith.

15.6 Amendments to Conform with Mortgagee Requirements. It is the intent of declarant that this declaration and the articles and by-laws of the association, and the development in general, shall now in the future meet all requirements necessary to purchase, guarantee, insure or subsidize any mortgage of a condominium in the development by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration, the Veterans' Administration and the Veterans Affairs Department of the State of California. In furtherance of that intent, declarants expressly reserve the right and shall be entitled by unilateral amendment of the declaration so long as declarant owns more than twenty-five percent (25%) of the condominiums in the development to amend this declaration in order to incorporate governmental agencies, including without limitation, the execution on behalf of and in the name of the Association of a regulatory agreement between the Association and the Federal Housing Commissioner and any other agreement sufficient to satisfy the requirements for mortgage purchase, guarantee or insurance by any of said entities or agencies. Declarant is hereby granted an irrevocable power of attorney to execute any such amendment or agreement by and in the name of the Association. Any such provision shall first be approved by the California Department of Real Estate in connection with its issuance of a final Subdivision Public Report or amendment to it with respect to the development and by the Veteran's Administration. Each owner of a condominium and each mortgagee of a condominium by acceptance of a deed or encumbrance of a condominium consents to the incorporation in this declaration of any such provisions and to the execution of any amendment or regulatory agreement and agrees to be bound by any such provisions as if they were incorporated in this declaration. The board and each owner shall take any action or shall adopt any resolutions required by declarant or any mortgagee to conform this declaration or the development to the requirements of any of said entities or agencies.

15.7 Conflict with Section 14.19. Notwithstanding any provision of this Section to the contrary, all requirements of Section 14.19 entitled "Requirements of FHA" must be met in order to effectuate any amendment or revocation pursuant to this Section.

16. ANNEXATION OF ADDITIONAL PROPERTY

16.1 Procedure for Annexation. The real property described in Exhibit B or any portion thereof may be annexed to this declaration at the written election of the declarant (or by the successors in title to such real property) made at any time and from time to time within three (3) years following the original issuance of a final subdivision public report by the California Commissioner of Real Estate for the first phase of the development. Such election shall be made by the recording of a supplement to this declaration (the "Supplement"). The Supplement shall describe the real property to be annexed, shall state that it is being effected pursuant to the terms of this declaration for the purpose of annexing the property described in the supplement to the declaration. Any Supplement recorded in accordance with the terms hereof shall be conclusive in favor of all persons who relied on it in good faith. Upon filing the all persons who relied on it in good faith. Upon filing the Supplement in accordance with the provisions of this declaration, the real property described in the Supplement shall be subject to the provisions of this declaration, and to the rights and powers of the Association pursuant to the terms of this declaration, the articles and the by-laws, and thereafter all of the owners of condominiums constituting a portion of said annexed real property shall automatically be members of the Association. Regular and special assessments with respect to said annexed real property shall commence at the time and to the extent described in Sections 6.5 and 6.6 hereof. Any additional recreational area shall be conveyed to the Association. Declarant in such Supplement shall expressly reserve for the benefit of all property which may from time to time be covered by this declaration, reciprocal easements of use, enjoyment, access, ingress and egress. Such easements may be used by declarant, its successors, purchasers and all owners of condominiums, their guests, tenants and invitees for sidewalks, walkways, vehicular access and such other purposes reasonably necessary to the use and enjoyment of all condominiums in the development. The Supplement may contain such complementary additions, amendments and modifications to this declaration as may be necessary to reflect the different character, if any, of the real property being annexed as are not inconsistent with the general scheme of this declaration or which are required by any institutional first mortgagee to make condominiums in the development eligible for mortgage purchase, guarantee or insurance as described in Section 15.6. Notwithstanding the foregoing, unless approved by the California Department of Real Estate, no Supplement may (a) cause a substantial increase in the common area or recreation area costs and expenses then being borne by Owners which was not disclosed in the final subdivision public report for the phase of the development in which an owner purchased his condominium, or (b) otherwise materially adversely affect the rights or owners, without the prior affirmative vote or written consent of at least sixty-six and two-thirds percent (66-2/3%) of each class of members entitled to vote and their first mortgagees. Prior to any annexation under this Section 16.1, detailed plans for the development of the additional property must be submitted to the Veteran's Administration and the Veteran's Administration must determine that such detailed plans are in accordance with the general plan and so advise the declarant.

16.2 Compliance With the Requirements of FHA. Notwithstanding any provisions of this Section to the contrary, all requirements of FHA as set forth in Section 14.19 entitled "Requirements of FHA" must be met in order to annex pursuant to this Section.

17. GENERAL PROVISIONS

17.1 Headings. The headings used in this declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this declaration.

17.2 Severability. The provisions of this declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions of it shall not invalidate any other provisions.

17.3 Cumulative Remedies. Each remedy provided for in this declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this declaration shall not, under any circumstances, be construed as a waiver.

17.4 Violations as Nuisance. Every act or omission in violation of the provisions of this Declaration shall constitute a nuisance and, in addition to all other remedies herein set forth, may be abated or enjoined by any owner, any member of the board, the manager, or the Association.

17.5 No Racial Restriction. No owner shall execute or cause to be recorded any instrument which imposes a restriction upon the sale, leasing or occupancy of his lot on the basis of race, sex, color or creed.

17.6 Access to Books. Any owner may, at any reasonable time and upon reasonable notice to the board or manager at his own expense, cause an audit or inspection to be made of the books and financial records of the Association.

17.7 Liberal Construction. The provisions of this declaration shall be liberally construed to effectuate its purpose. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

17.8 Notification of Sale of Condominium. Concurrently with the consummation of the sale of any condominium under circumstances whereby the transferee becomes an owner thereof, or within five (5) business days thereafter, the transferee shall notify the board in writing of such sale. Such notification shall set forth the name of the transferee and his mortgagee and transferor, the common address of the condominium purchased by the transferee, the transferee's and the mortgagee's mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the board or the manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. Mailing addresses may be changed at any time upon written notification to the board. Notices shall be deemed received forty-eight (48) hours after mailing if mailed to the transferee, or to his transferor if the board has received no notice of transfer as above provided, by certified mail, return receipt requested, at the mailing address above specified. Notices shall also be deemed received twenty-four (24) hours after being sent by telegram or upon personal delivery to any occupant of a condominium over the age of twelve (12) years.

17.9 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

17.10 Exhibits. All exhibits referred to are attached to this declaration and incorporated by reference.

17.11 Easements Reserved and Granted. Any easements referred to in this declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this declaration in a deed to any condominium.

17.12 Binding Effect. This declaration shall inure to the benefit of and be binding on the successors and assigns of the declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the owners.

17.13 Unsegregated Real Estate Taxes. Until such time as real property taxes have been segregated by the county assessor of the county in which the development is located, they shall be paid by the respective owners of condominiums. The proportionate share of the taxes for a particular condominium shall be determined by dividing the initial sales price or offered initial sales price of the condominium by the total initial sales prices and offered initial sales prices of all condominiums within the development (the term "offered initial sales price" means the price at which an unsold condominium is then being offered for sale by declarant). If, and to the extent, that taxes are not paid by any owner of a condominium and are allowed to become delinquent, they shall be collected from the delinquent owner by the Association.

17.14 Enforcement. The Association, declarant, City of San Diego, or any owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Declaration. Failure by the Association, declarant, or any owner to enforce any provision of the Declaration shall in no event be deemed a waiver of the right to do so thereafter.

17.15 Enforcement of Bonded Obligations. Certain common area improvements have not been completed and the Association will be the obligee under a bond to secure performance of the commitment of the declarant to complete the improvements. In the event the initiation of action to enforce the obligations of the declarant and surety under the bond is required, the following provisions shall apply:

17.15.1 The board shall consider and vote on the question of action by the Association to enforce the obligations under the bond with respect to any improvement for which a notice of completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the bond. If the Association has given an extension in writing for the completion of any common area improvement, the board shall be directed to consider and vote on the aforesaid question if a notice of completion has not been filed within thirty (30) days after the expiration of the extension.

17.15.2 A special meeting of members for the purpose of voting to override a decision by the board not to initiate action to enforce the obligations under the bond or on the failure of the board to consider and vote on the question shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the board of a petition for such a meeting signed by members representing five percent (5%) or more of the total voting power of the Association.

17.15.3 At the special meeting set forth in subparagraph 17.15.2, a vote of a majority of the voting power of the Association residing in members other than the declarant to take action to enforce the obligations under the bond shall be deemed to be the decision of the Association and the board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

17.16 So long as there is a class B membership, the following action shall require the prior approval of the Veteran's Administration: annexation of additional properties, mergers and consolidations, special assessments and any amendment to this declaration.

Declarant has executed this instrument as of September 26, 1983.

DECLARANT:

Baldwin Builders, a California corporation

By: Steve Tate

Steve Tate, Vice President

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO } SS

ON September 27, 1983, before me, undersigned, a Notary Public in and for said County and State, personally appea[red]
Steve Tate

proved to me on the basis of satisfactory evidence to be the person w[ho] executed the within instrument as Vice President, [and] ~~Secretary~~ of the Corporation therein named, and aknowledge[d to] me that such Corporation executed the within instrument pursuant to its By-la[ws] or a Resolution of its Board of Directors.

OFFICIAL SEAL
JANETTE F NESSEL
NOTARY PUBLIC - CALIFORNIA
SAN DIEGO COUNTY
My comm. expires AUG 7, 1987

CORPORATION ACKNOWLEDGMENT

Notary's Signature Janette F Nessel