

When Recorded mail to:

Fredricks Development Corporation
2035 East Ball Road
Anaheim, California 92806
Attention: James D. White

RECORDED AT REQUEST OF
SAPCO TITLE INS CO. 72
AT 8:00 A.M.
OFFICIAL RECORDER VENTURA COUNTY
FEB - 5 1976

Robert H. Hume RECORDER

SPACE ABOVE THIS LINE FOR RECORDER'S USE

FILE 136-34

ORCHARD LANE TERRACE
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made on January 23, 1976
by FREDRICKS DEVELOPMENT CORPORATION, a California corporation,
hereafter referred to as "Declarant."

RECITALS

1. Declarant is the owner of real property located in the
City of Oxnard, County of Ventura, State of California, described
as:

Lots 1 to 59, inclusive, and Lot 115, of Tract 2464,
as per map recorded on October 17, 1975, in Book 56,
Pages 41-45, inclusive, of Miscellaneous Records,
Office of the County Recorder of Ventura County,
California

2. Declarant has deemed it desirable for efficient preservation of the value, desirability and attractiveness of said tract to create a corporation to which should be delegated and assigned the powers of maintaining and administering the Common Area, and administering and enforcing these Covenants, Conditions and Restrictions and collecting and disbursing funds pursuant to the assessments and charges hereinafter created and referred to.

3. Orchard Lane Terrace Homeowners Association - a nonprofit corporation will be incorporated under the laws of the State of California for the purpose of exercising the powers set forth in Recital 2 above.

DECLARATION

Declarant hereby declares that the Property (as that term is hereafter defined) 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 for the subdivision, improvement, protection, maintenance, and sale of the Property and are established and agreed upon for the purpose of enhancing and perfecting the value and attractiveness of said Property and every part thereof. All of the limitations, restrictions, easements, conditions, liens, charges, covenants and remedies contained herein shall run with the land, and each estate therein, and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall be for the benefit of each Owner of any portion of the Property or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the Owner thereof.

ARTICLE I
DEFINITIONS

(1) "Articles" shall mean the Articles of Incorporation of the Association as said Articles are amended from time to time.

(2) "Association" shall mean and refer to the Orchard La Terraza Homeowners Association, a California nonprofit corporation, its successors and assigns.

(3) "Board" shall mean the Board of Directors of the Association.

(4) "By-Laws" shall mean the By-Laws of the Association as such By-Laws may be amended from time to time.

(5) "Common Area" shall mean that portion of the Property shown on the final recorded tract map of the Property which is owned by the Association for the common use and enjoyment of the members of the Association and is described as follows: Lot 115 of said Tract 1464. The Common Area is to be conveyed and control thereto is to be turned over to the Association prior to the first conveyance of a Lot to an owner other than Declarant.

(6) "Common Expenses" shall mean the actual and estimated cost of: Maintenance, management, operation, repair and replacement (including reserves for replacement) of the Common Area, including the improvements thereon, and that part of each Lot as to which, pursuant to the provisions of this Declaration, it is the responsibility of the Association to maintain, repair, and replace, together with the capital improvements to the Association areas which the Association may from time to time authorize; cost of management and administration of the Association, including, but not limited to, compensation paid by the Association to a manager, accountants, attorneys and other employees; cost of any other item or items designated in accordance with other expenses incurred by the Association for any reason whatsoever.

(7) "Declarant" shall mean and refer to Fredricks Development Corporation, a California corporation, its successors and assigns.

(8) "Dwelling Unit" shall mean and refer to the single family residence located on each Lot within the Project, together with its respective garage.

(9) "Lot" shall mean and refer to any plot of land shown upon the recorded Tract Map of the Property with the exception of the Common Area and areas dedicated to and accepted by any state or local public authority.

(10) "Member" shall mean and refer to every person or entity who holds membership in the Association.

(11) "Mortgage - Mortgagee - Mortgagor." Reference in this Declaration to a Mortgage shall be deemed to include a deed of trust; reference to a Mortgagee shall be deemed to include the beneficiary of the deed of trust; reference to a Mortgagor shall be deemed to include the trustor of the deed of trust.

(12) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property; the term Owner shall not refer to any Mortgagee as herein defined, unless such Mortgagee has acquired title pursuant to foreclosure, or any proceeding in lieu of foreclosure.

(13) "Private Streets" shall mean and refer to all those portions of the Common Area providing vehicular access to and from the Lots.

(14) "Project" shall mean and refer to all of the Property hereinabove defined including all structures and other improvements located or constructed thereon.

(15) "The Property" shall mean and refer to the real property described above in Recital 1.

ARTICLE II

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

(1) Members' Easements of Enjoyment. Every Member of the Association shall have a right and nonexclusive easement of enjoyment in and to the Common Area and a nonexclusive easement for support and for ingress and egress over and through the Private Streets. Each such easement shall be appurtenant to and pass with the title to every Lot, subject to the following restrictions:

(a) The right of the Association to limit the number of guests; and to adopt Association rules regulating the use and enjoyment of the Common Area.

(b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument has been approved by two thirds (2/3) of the entire Class A membership and two thirds (2/3) of the entire Class B membership.

(2) Delegation of Use. Any Member may delegate his rights of enjoyment to the Common Area and the Private Streets to the members of his family who reside on his Lot, to contract purchasers, to any of his tenants who reside thereon under a leasehold interest for a term of one (1) month or more, and to his guests; subject, however, to the By-Laws and the Association rules and regulations. Such Member shall notify the Secretary in writing of the name of such person and of the relationship of the Member to such person. The rights and privileges of the person are subject to suspension in the same manner as the Members of the Association as more fully provided in this Declaration.

(3) Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each lot and such portion or portions of the Common Area adjacent thereto or as between adjacent lots due to the unwilling placement or settling or shifting of the improvements constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Said easements of encroachment shall be valid so long as they exist, and the rights and obligations of Owners shall not be altered in any way by said encroachments settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts of said Owner or Owners. In the event a structure on any lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each lot agree that minor encroachments over adjoining lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

(4) Drainage and Utility Easements. Notwithstanding anything expressly or impliedly contained herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Declarant for the installation and maintenance of utilities and drainage facilities that the Declarant deems necessary for the development of the Property.

(5) Sewer and Water Easement. The Association shall be responsible for the maintenance, repair and replacement of all sanitary sewers and water facilities serving the Owners of lots within the Property. Such sewer and water facilities are located upon or in the Common Area and each lot and Dwelling Unit comprising the Property. Rights and duties of the Association with respect to sanitary sewers and water facilities shall be governed by the following:

(a) Whenever sanitary sewer or water lines and connections are installed within the Property, which said lines and connections or any portion thereof lie in or upon the lots and Dwelling Units within the Property, the Association shall have the right, and an easement is hereby reserved for the benefit of the Association, to the full extent necessary therefor to enter upon or into said lots and Dwelling Units or to have their agents, contractors or employees enter upon or into said lots and Dwelling Units in or upon which said lines or connections or any portions thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary.

(b) The Association shall have the duty and be solely responsible for the timely and reasonable repair, replacement and restoration of any damage to a lot and Dwelling Unit occasioned by the Association's duty to repair, replace and generally maintain the sanitary sewers and water facilities within the Property.

(c) Whenever sanitary sewer and water lines and connections are installed within the Property, which lines and connections serve more than one lot and Dwelling Unit, the owner of each such lot and Dwelling Unit served by said lines and connections shall be entitled to full use and enjoyment of said lines and connections that service the lot and Dwelling Unit wherever located.

(6) Landscape Easement. An easement is hereby reserved to the Association, its contractors and agents to enter those portions of Lots contiguous to the Common Area and not enclosed by fences for the purpose of maintaining, replacing and restoring exterior landscaping. Such landscaping activity shall include by way of illustration and not of limitation; the mowing of lawns, irrigating, tree and shrub trimming and pruning, seasonal planting and such other landscaping activities within the Property as the Association shall determine as necessary from time to time.

(7) Other Easements. There shall be an exclusive easement appurtenant to each Lot, for overhanging eaves, and for any projections from the buildings, which projections shall not extend beyond the "eave line."

ARTICLE III RESIDENCE AND USE RESTRICTIONS

(1) Single Family Use. Each Lot shall be used for single family residential purposes only, provided, however, that Lots owned by Declarant or its nominee may be used as models and sales offices and construction offices for the purpose of selling the Lots in the Project until all of the Lots thereon are sold by Declarant or its nominee.

(2) Density Restrictions. There shall not be constructed or maintained upon any Lot more than one (1) single family residence with a garage.

(3) Interior Maintenance. The Owners of the individual Dwelling Units shall be responsible for the maintenance of and shall maintain the interiors of their Dwelling Units including interior walls, ceilings, air conditioning units, water heaters, floors and permanent fixtures and appurtenances thereto, in a clean and sanitary and attractive condition, reserving to each Owner, however, complete discretion as to the choice of furniture, furnishings, and interior decorating and each Owner shall also be responsible for repair, replacement and cleaning of his windows and glass, both exterior and interior, and for the maintenance of that area which lies within the fenced portion of his Lot. Each Owner shall maintain his own personal property and public liability insurance for his respective Dwelling Unit.

(4) Offensive Conduct; Nuisances. No Owner shall do or permit anything to be done on his Lot or upon the Common Area which will obstruct or interfere with the rights of other occupants, or annoy them by unreasonable noises or otherwise, nor will he commit or permit any nuisance, immoral act, or illegal activity to be committed on the premises. Owners shall comply with all of the requirements of the County Health Department and of all other governmental authorities having jurisdiction over the maintenance of Dwelling Units within the Project.

(5) Parking Restrictions; Use of Garages. No vehicle which shall not be in operating condition shall be parked or left on any Private Street or on the Property subject to this Declaration other than inside a garage. No boat, trailer, recreation vehicle, camper, or truck shall be parked or left overnight on any Private Street or any part of the Property other than within a garage or in a parking area designated by the Association. The garages shall be used for the parking of vehicles only and shall not be converted for living or recreational activities.

(6) Signs. No sign of any kind shall be displayed to the public view on or from any Lot or any Common Area, without the approval of the Association, except such signs as may be displayed in accordance with Section 712 of the California Civil Code, which in no event shall be larger than two (2) feet in size, and except such signs as may be used by Declarant in connection with the development and sale of Lots in the Project or in connection with the development and sale of Lots on any property to be annexed to the Project as provided in Article XII. Anything contained herein to the contrary notwithstanding, in the event any holder of a mortgage comes into possession of a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage (or assignment in lieu of foreclosure), such holder shall be exempted from the restrictions contained herein on the posting of signs pertaining to the sale or rental of a Lot.

(7) Installation and Maintenance of Air Conditioners, Television Antennae, Etc. No clothesline and no outside television or radio pole or antenna (other than a community antenna erected by the Declarant or the Association) shall be constructed, erected or maintained on any Lot or Dwelling Unit, nor on any part of the Common Area. No wiring or insulation, no air conditioning or other machine, other than those installed by the Declarant during construction of the Project, shall be installed on the exterior of a building or be allowed to protrude through the walls or roof of a building within the Project. Each Unit Owner shall have the right to install and maintain a television antenna in the attic area of the building located on his Lot. Each Owner shall bear full responsibility for the cost of maintaining his air conditioning unit.

(8) Fences, Etc. No fences, awnings, ornamental screens, screen doors, sunshades, or walls shall be erected or maintained around any portion of a Dwelling Unit except such as are installed in accordance with the original construction of the Project unless approval for the erection of said article is given by the Architectural Committee.

(9) Commercial Activities; Pets. Subject to Section (1) of this Article, no business or commercial activities shall be maintained or conducted on any Lot; no animals, reptiles, rodents, birds, fish, livestock or poultry shall be kept on any Lot, except that domestic dogs, cats, fish and birds inside bird cages may be kept as household pets provided that they are not kept, bred or raised therein for commercial purposes, or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall be deemed to limit the number of dogs, cats and birds to two (2) each. The Association shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Directors of the Association, a nuisance to any other Lot Owner. Each Owner shall be absolutely liable to each and all other Owners, their families, guests and invitees, and all other Owners, their families, guests and invitees, for any damage to persons or property caused by any pet brought upon or kept upon said premises by said Owner or by members of his family, guests or invitees.

(10) 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 Property subject to this Declaration; however, trailers or temporary structures for use incidental to the initial construction of the improvements on the Property may be maintained thereon, but shall be promptly removed upon completion of the construction.

(11) Trash Disposal. Trash, garbage, other waste shall be kept only in sanitary containers. No Owner of a Lot shall permit or cause any trash refuse to be disposed of on any portion of the Property subject to this Declaration other than in receptacles approved by the Association.

(12) Structural Alterations. No structural alterations to the interior of any Dwelling Unit shall be made and no plumbing or electrical work within any bearing or party walls shall be made by any Lot Owner without the prior written consent of the Association.

(13) Exterior Alterations. Subject to the provisions of Section (17) of this Article III, no Owner shall at his expense or otherwise make any alterations or modifications to the exterior of the buildings, fences, railings or walls situated on said Property, or to any part of the portion of the Common Area, without the prior written consent of the Association and the holder of any Mortgage or deed of trust then of record, whose interest may thereby be affected.

(14) Compliance with Laws, Etc. Nothing shall be done or kept on a Lot or the Common Area, which might increase the rate of insurance on the Project, without the prior written consent of the Association. No Owner shall permit anything to be done or kept on his Lot or in the Common Area which might result in the cancellation of the insurance on the Project or which is immoral or in violation of any law, ordinance, statute, rule or regulation of any local, county, state or federal body. If by reason of the occupancy or use of such premises by the Owner, the rate of insurance for the premises shall be increased, the said Owner shall become personally liable for the increased insurance premiums.

(15) Indemnification. Each Owner shall be liable to the remaining Owners for any damage to the Common Area which may be sustained by reason of the negligence of said Owner or of his guests or invitees, to the extent that any such damage shall not be covered by insurance. Each Owner does further, by acceptance of his deed, agree to indemnify each and every other Owner, and to hold him or her harmless from any claim of any person or persons for personal injury or property damage occurring upon the Lot of that particular Owner, unless said injury or damage shall occur by reason of the negligence of any other Owner temporarily visiting said Lot and each Owner further agrees to defend, at his expense, all remaining Owners who may be sued by any person on a claim for personal injury or property damage alleged to have been sustained upon the Lot of that particular Owner.

(16) Owner's Obligation for Taxes. Each Owner shall be obligated to pay any real and personal property taxes, assessed against his respective Lot and the utility charges for said Lot.

(17) Alteration of Improvements by Declarant. No residential or use restriction and nothing in this Article or elsewhere in this Declaration shall limit the right of the Declarant to complete construction of improvements to the Common Area and to Lots owned by Declarant or to alter the foregoing or to construct such additional improvements as Declarant deems advisable prior to the completion and sale of the entire project. The rights of Declarant hereunder and elsewhere in these Restrictions shall be assignable.

ARTICLE IV
THE ASSOCIATION

(1) Formation. The Association will be incorporated under the name of Orchard Lane Terrace Homeowners Association as a nonprofit corporation under laws of the State of California and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Articles of Incorporation, the By-Laws and this Declaration. Neither the Articles nor the By-Laws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall prevail.

(2) Membership.

(a) Qualifications. Each record Owner of a Lot including Declarant, shall be a Member of the Association and shall be entitled to one membership for each Lot owned. Ownership of a Lot shall be the sole qualification for membership in the Association. Each Owner shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation.

(b) Members' Rights and Duties. Each Member shall have the rights, duties and obligations set forth in this Declaration, the Articles of Incorporation, the By-Laws and the Association rules, and the Architectural Committee rules, as the same may from time to time be amended.

(c) Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot giving rights to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon a transfer of title to said Lot, and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

(3) Voting.

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

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

Class B -- The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the happening of any one of the following events, whichever first occurs:

(i) When the total votes outstanding in the Class A membership equal the total vote outstanding in the Class B membership; or

(ii) The expiration of three (3) years from and after the issuance of the California Department of Real Estate of a Final Subdivision Public Report covering the Property;

(iii) On December 11, 1978.

(b) Joint Owner Votes. In the event that record title to any Lot is held by more than one person or entity, whether in joint tenancy, tenancy in common, tenancy in partnership or otherwise, such persons or entities shall be deemed to be "joint owners". The vote for each Lot owned by Class A Owners must be cast as a unit and fractionalization of votes shall not be allowed. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a certain Lot, it will thereafter be conclusively presumed that he or they were acting with the authority and the consent of all of the Owners of the same Lot. In the event that Class A joint owners cast more than one vote for their particular Lot, none of said votes shall be counted and said votes shall be deemed void.

(c) Cumulative Voting. In any election of the Members of the Board, every Owner entitled to vote in the election shall have the right to accumulate his votes and give one candidate, or divide among any number of the candidates, the number of votes to which the Owner is entitled multiplied by the number of Directors to be elected. The candidates receiving the highest number of votes up to the number of Board Members to be elected, shall be deemed elected; provided, however, that at any election in which the Class A voters do not have a sufficient percentage of the voting power of the Association to elect at least one Director through the cumulating of all of the Class A votes, then one Director shall be elected solely by the votes of the Class A voters.

(d) Mortgage Voting Rights. In the event of a default by any Owner in the payment due upon a promissory note secured by a trust deed to his individual Lot, the beneficiary of said trust deed shall have the right, upon giving written notice to said defaulting Owner and placing on record a notice of default, to exercise the vote of such Owner at all meetings of Owners or to execute the written approvals of Owners during such time as said default may continue. When the beneficiary of such deed of trust shall have complied with such conditions, upon his written request, the Association shall notify him of all action to be taken by Owner so long as such default remains.

(4) Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers as the Directors may elect or appoint, in accordance with the Articles and the By-Laws, as the same may be amended from time to time. The initial Board of Directors of the Association shall be appointed by the incorporators or their successors and shall hold office until the first annual meeting, at which time a new Board of Directors shall be elected in accordance with the provisions set forth in the By-Laws.

(5) Powers and Duties of the Association.

(a) Powers. The Association shall have all the powers of a nonprofit corporation organized under the general nonprofit corporation laws of the State of California subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws and this Declaration. It shall

have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under this Declaration, the Articles and the By-Laws, to do and perform any and all acts which may be necessary or proper for, or incidental to the proper management and operation of the Project, including without limitation:

1. Assessments. The power to levy assessments on the Owners of Lots and to force payment of such assessments, all in accordance with the provisions of this Declaration.

2. Right of Enforcement. The power and authority from time to time in its own name, on its own behalf or in behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or the Articles or By-Laws, including the Association rules adopted pursuant to this Declaration, and to enforce by mandatory injunction or otherwise, all provisions hereof. In addition to the foregoing remedies, the Association shall have the right to suspend the voting privileges, suspend the use privileges of the recreational or Common Area, or assess monetary penalties against any Owner by reason of any violation by an Owner or member of the Owner's family or lessee or sublessee or guest, of the Articles, By-Laws, Declaration or Association rules, adopted thereunder; provided, however, that:

A. Any such suspension may not exceed a period of thirty (30) days for any one violation; and

B. Any such monetary penalty shall not exceed twenty-five dollars (\$25.00) for any one violation.

Each suspended or fined Owner shall have the right to appeal the action of the Board by filing with the Board written notice of his intention to appeal to the Owners. The action by the Board imposing the fine or suspension shall thereupon become ineffective until the suspension shall thereafter be approved by a majority of the Owners at a duly called and held regular or special meeting and the Owner to be fined or suspended shall have the right to appeal and to be heard at such regular or special meeting.

3. Delegation of Powers. The authority to delegate its powers and duties to committees, officers, employees, or to any person, firm or corporation to act as manager. Neither the Association nor the Members of its Board shall be liable for any omission or improper exercise by the manager of any such duty or power so delegated.

4. Association Rules. The power to adopt, amend and repeal by majority vote of the Board such rules and regulations as the Association deems reasonable (the Association rules). The Association rules shall govern the use of the Common Area, including but not limited to, the recreational facilities and the Private Streets; by the Owners; by the families of the Owners, or by any invitee, licensee, lessee, or contract purchaser of an Owner; provided, however, that the Association rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or

By-Laws. A copy of the Association's rules, as they may from time to time be 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 Common Area. Upon such mailing or delivery and posting, said Association rules shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of any conflict between any such Association rules and any other provisions of this Declaration, or the Articles or By-Laws, the provisions of the Association rules shall be deemed to be superseded by the provisions of this Declaration, the Articles, or the By-Laws to the extent of any such inconsistency.

5. Emergency Powers. The power to enter upon any lot in the event of any emergency involving illness or potential danger to life or property or when necessary in connection with any maintenance or construction for which it is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable and any damage caused thereby shall be repaired by the Association.

6. Licenses, Easements, and Rights-of-Way. The power to grant and convey to any third party such licenses, easements, and rights-of-way, in, on, or under the Common Area as may be necessary or appropriate for the orderly maintenance, preservation of the health, safety, convenience and welfare of the Owners, for the purpose of constructing, erecting, operating, or maintaining:

A. Overhead or underground lines, cables, wires, conduits or other devices for the transmission of electricity for lighting, heating, power, telephone and other purposes;

B. Public sewers, storm water drains and pipes, water systems, sprinkling systems, water heating and gas lines or pipes; and

C. Any similar public or quasi-public improvements or facilities.

(b) Duties of the Association. In addition to powers delegated to it by its Articles, without limiting the generality thereof, the Association or its agent, if any, shall have the obligation to conduct all business affairs of common interest to all Owners, and to perform each of the following duties:

1. Operation and Maintenance of Common Area. Operate, maintain and otherwise manage or provide for the operation, maintenance and management of the Common Area and all facilities, improvements and landscaping thereon, and all other Property acquired by the Association. In this connection, the Association may enter into contracts for services or materials for the benefit of the Association or Common Area, provided, however, that the term of any such service contract shall not exceed one (1) year unless approved by a majority of the Members of the Association.

2. Additional Maintenance. Maintain or otherwise provide for the maintenance, repair and replacement of sanitary sewers and water facilities serving each lot and for the maintenance of exterior portions of each lot including the improvements located on each lot in accordance with the provisions of Article VIII, Section 1 (5) hereof.

3. Water and Other Utilities. Acquire, provide and/or pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone and gas and other necessary utility services for the Common Area.

4. Taxes and Assessments. Pay all real and personal property taxes and assessments separately levied against the Common Area or against the Association and/or any property owned by the Association. Such taxes and assessments may be contested or compromised by the Association; provided, however, that they are paid or a bond insuring payment is posted prior to the sale or the disposition of any property to satisfy the payment of such taxes.

5. Insurance. Obtain, from reputable insurance companies (rated A+ in "Bests Insurance Guide" and authorized to do business in the State of California) and maintain in effect the following policies of insurance:

A. Fire Insurance including those risks embraced by coverage of the type now known as the broad form, "All Risk" or special extended coverage endorsement on a blanket agreed amount basis for the full insurable replacement value of all improvements, equipment and fixtures located within the Common Area and all improvements located on each lot within the Project including the individual Dwelling Units and garages but excluding personal property. Any proceeds from said insurance shall be payable to the Association as trustee as provided in paragraph D below and shall be for the benefit of the lot Owners and their mortgagees as their interests may appear; provided, however, that the Association shall not fail to maintain such insurance or use such insurance proceeds for losses to any common property for other than repair, replacement or reconstruction of such improvements unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each mortgagee) of individual units have given their prior written approval, and as to each of said policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Association, the Board, the manager, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent insurance proceeds are received in compensation for such loss.

B. Comprehensive public liability insurance insuring the Board, the Association, the Declarant and the individual Lot Owners and Agents and employees of each, the foregoing against any liability incident to the ownership and/or use of the Common Area or any lot within the Project, including nonowned automobile coverage and if obtainable, a cross liability endorsement insuring each insured against liability to each other insured. Limits of liability of such coverage shall be as follows: Not less than \$1,000,000 per person and \$1,000,000 per occurrence with

respect to personal injury, death, and property damage and full coverage directors' and officers' liability insurance with a limit of \$10,000.

C. Such other insurance including Workmen's Compensation insurance to the extent necessary to comply with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association functions or to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property. In addition, if in the event that the area in which the Project is located is designated by the Office of Housing and Urban Development as an area having special flood hazards, the Association shall purchase and carry flood hazard insurance in an amount not less than the value of the Project.

D. The Association shall be deemed trustee of the interests of all Owners in any insurance proceeds paid to it under such policies, and shall have full power to receive their interests in such proceeds and to deal therewith.

E. Insurance premiums for the above insurance coverage shall be deemed a common expense to be included in the regular assessments levied by the Association.

6. Mortgagee Reimbursement. In the event the Association defaults in the payment of taxes or other charges which may or have become a charge on the Common Area, first mortgagees of Lots may, jointly or singly, pay such taxes or other charges which are in default. Additionally, first mortgagees may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the common area. In the event a first mortgagee makes either of such payments, it shall be owed immediate reimbursement therefor from the Association.

7. Professional Management. Retain at all times during the term hereof, the services of a professional manager for management of the Project and notify the holders of all first mortgage liens on Lots thirty (30) days in advance of any change in the professional management. The Declarant or an agent selected by the Declarant shall manage the Project until the first annual meeting of the owners at which time the owners, by a majority vote, shall determine whether to continue such management arrangements or to select another manager or management agent. The Association may contract with the management company as agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association. Any agreement for professional management of the Project, or any other contract providing for services by the Declarant must provide for termination on ninety (90) days written notice and a maximum contract term of three (3) years.

8. Rule Making. Make, establish, promulgate, amend and repeal the Association rules.

9. Architectural Committee. Appoint and remove members of the Architectural Committee all subject to the provisions of this Declaration.

10. Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce any of the provisions of this Declaration and the Association rules.

(6) Personal Liability: No member of the Board or any committee of the Association, or any officer of the Association or the Declarant, or the manager, if any, 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 the account of any act, omission, error or negligence of the Association, the Board, the manager, if any, or any other representative or employee of the Association; the Declarant or the Architectural Committee, or any other committee, or any officer of the Association, or the Declarant; provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith without willful or intentional misconduct.

(7) Annual Meeting and Notice. The Association shall hold an annual meeting and the first annual meeting of the Association shall be held not later than six (6) months after the sale of the first lot. Thereafter the annual meetings shall be held on the second Tuesday of the month of March, or in the event that the day is a legal holiday, in the next day thereafter which is not a legal holiday, of each succeeding year. Special meetings may be called as provided for in the By-laws. Notice for all Owners' meetings, annual or special, shall be given by regular mail or telegram and shall be given not less than ten (10) days nor more than thirty (30) days prior to the time of said meeting and shall set forth the place, date and hour of the meeting, and the nature of the business to be undertaken. All meetings shall be held within the Project or as close thereto as practicable, at a reasonable place selected by the Board of Directors. The presence at any meeting in person or by proxy of Owners entitled to cast more than fifty percent (50%) of the total vote of all lot Owners of the Association shall constitute a quorum. If any meeting cannot be held, because a quorum is not present, the Owners present, either in person or by proxy, may as otherwise provided by law, adjourn the meeting to a time not less than 48 hours nor more than thirty (30) days from the time the original meeting was called, at which meeting a quorum requirement ordinarily shall be at least twenty-five percent (25%) voting by proxy shall be allowed at all Association meetings.

(8) Accounting Reports. The Association or its agent shall cause to be prepared and distributed to each member of the Association within sixty (60) days of the accounting dates as follows:

(a) A balance sheet as of an accounting date which 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 Dwelling Unit and an operating (income) statement for an accounting period from the aforesaid date of first closing to the aforesaid accounting date; and

(b) A balance sheet as of the last day of the Association's fiscal year and an operating (income) statement for said fiscal year certified by a certified public accountant. The operating statement for the first six (6) months accounting period referred to in (8) (a) above shall include a schedule of assessments received or receivable itemized by lot or Dwelling Unit number and by the name of the person or entity assessed.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENT

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

- (a) Regular annual assessments or charges; and
- (b) Special assessments, such assessments to be established made and collected as hereinafter provided.

The regular and special assessment payments together with interest thereon, and the cost of collection thereof, (including reasonable attorney's fees), shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment and payment are made. Each such assessment and payment, together with such interest, costs and attorney's fees, shall also be the personal obligation of each person, firm or entity who was an Owner of such lot at the time when such assessment and payment became due and payable. The personal obligation for delinquent assessments and payments shall not pass to an Owner's successors in interest unless expressly assumed by them.

(2) Purpose of Assessments. 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, operation, maintenance and replacement of the Common Area and its facilities, the maintenance, repair, replacements of sewer and water facilities serving each lot and any repair and restoration of lots and Dwelling Units required hereunder, and in the performance of the duties of the Association as more fully set forth in this Declaration.

(3) Regular and Special Assessments.

(a) Regular Assessments. Not less than thirty (30) days nor more than sixty (60) days prior to the beginning of each calendar year, the Board shall estimate the total amount of funds necessary to defray the common expenses of the Association for the next calendar year and shall assess the record Owner of each lot in December of each year for the following year. Said regular assessment shall include an amount necessary to establish and/or maintain an adequate reserve fund for maintenance, repairs and replacement of the Common Area and its facilities that must be replaced on a periodic basis. Said assessment shall be prorated in accordance with the total number of lots in the Project. Each Owner shall thereafter pay to the Association his assessment in twelve (12) equal monthly installments, each installment to be paid on or before the first day of each month. In the event the Board fails to levy a regular assessment for any calendar year in accordance with the provisions of this paragraph, each Owner shall continue to pay a regular monthly assessment equal to that assessed against his lot in the preceding calendar year in which payment shall continue until either (i) the Board levies a new regular assessment in accordance with this paragraph; or (ii) the amount of the assessment is increased pursuant to paragraph (7) of this Article V. In the event the Board determines during any year that the regular assessments established for that calendar year are unnecessarily high and that such excess assessments are resulting in unneeded cash reserves, the Board may uniformly reduce the regular assessments on each lot for the remainder of the year accordingly.

(b) Special Assessment. In the event that the Board shall determine that the regular assessment for a given calendar year is, or will become inadequate to meet the expenses of the Association for any reason, including but not limited to, the costs of construction, reconstruction, unexpected and extraordinary repairs or replacement of capital improvements upon the Common Area, the Board shall determine the approximate amount necessary to defray such expenses and levy a special assessment. The Board may, at its discretion, prorate such special assessment over the remaining months of the calendar year or levy such assessment immediately against such lot.

The foregoing notwithstanding, any such assessment in excess of one thousand dollars (\$1,000.00) shall require approval by vote of the written assent of fifty-one percent (51%) of each class of members of the Association present either in person or by proxy and entitled to vote at a meeting of Members of the Association called for such purpose at which a quorum is present.

(4) Uniform Rates of Assessment. Regular and special assessments must be fixed at a uniform rate for all lots. The Association shall not change, modify or amend the method of determining assessments against lot owners or the ratio thereof, without the prior written approval of all first mortgagees of individual lots within the property.

(5) Initial Regular Assessment Period. The initial regular assessment period shall commence on the first day of the first month immediately following the date of the sale of the first lot to a purchaser (Initiation Date) and terminate on December 31 of that year.

(6) Regular Assessment Period. Following the initial regular assessment period, each regular assessment period shall commence on January 1 of each year and terminate December 31 of such year. The first regular assessment and all special assessments shall be adjusted according to the number of months remaining in the calendar year and shall be payable in equal monthly installments unless the Board adopts some other basis for collection.

(7) Notice and Assessment Due Dates. Ten (10) days prior written notice of regular and special assessments shall be sent to the Owner of every lot subject thereto. The due dates for regular assessments and special assessments shall be the first day of each month unless some other due date is established by the Board. Each monthly installment of the regular assessment or special assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each delinquent monthly installment and special assessment, a late charge of five dollars (\$5.00) together with interest at the maximum rate permitted by law calculated from the date of delinquency to and including the date full payment is received by the Association. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against his lot as more fully provided herein. Each Owner is personally liable for said assessments and

no Owner of a Lot may exempt himself from liability for his contribution by waiver of the use or enjoyment of any of the Common Areas or by abandonment of his Lot.

(8) Increase in Assessments. The Board may, after January 1 of the calendar year following the Initiation Date, increase the regular assessments effective January 1 of each year by an amount not in excess of ten percent (10%) above (i) the initial regular monthly assessment as set forth in the Final Subdivision Public Report issued by the California Department of Real Estate; or (ii) the regular assessment per Lot for the previous year, whichever is greater, without the vote or consent of the Members of the Association. Increases in regular assessments to amounts in excess of the limitations set forth in subparagraphs (i) and (ii) above may be made by the Board only upon the vote or written consent of fifty-one percent (51%) of each class of Members of the Association present in person or by proxy and entitled to vote at a meeting of the Members of the Association called for such purpose at which a quorum is present.

(9) Exempt Property. The following property subject to this Declaration shall be exempt from assessments herein:

- (a) The Common Area;
- (b) All properties dedicated to and accepted by a local public agency or authority; and
- (c) All properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of California; provided, however, no land or improvements devoted to dwelling use shall be exempt from said assessment.

(10) Estoppel Certificate. The Association, upon 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 Lot Owner is in default under the provisions of this Declaration and further stating the dates to which assessments, regular or special, have been paid by said Owner, it being intended that any such certificate delivered pursuant to this section may be relied upon by any prospective purchaser or mortgagee of said Owner's Lot, but reliance on such certificate may not extend to any default as to which the signer shall have had no actual knowledge.

ARTICLE VI ENFORCEMENT OF ASSESSMENTS; LIENS

(1) Right to Enforce. The right to collect and enforce the assessments created hereby is vested in the Association. Each Owner of a Lot upon becoming an Owner of such Lot is and shall be deemed to covenant and agree to pay the Association each and every assessment provided for in this Declaration and agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorney's fees or any other relief or remedy obtained against said Owner. The Board or its authorized representative may enforce the obligations of the Owners to pay the assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity or the Board may exercise the power of sale pursuant to Section (2) of this Article VI; to enforce the liens created hereby. A suit to recover a money judgment for an unpaid assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

(2) Assessment Liens.

(a) Creation. There is hereby created a claim of lien with power of sale on each and every lot to secure payment to the Association of any and all assessments levied against any and all lots in the Project pursuant to this Declaration, together with interest thereon at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorney's fees. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on such respective lots upon recordation of a claim of lien with the County Recorder. Said lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any lot and assessments on any lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

(b) Claim of Lien. Upon default of any Owner in the payment of any regular or special assessment required hereunder, the Association may cause to be recorded in the office of the County Recorder in the county in which the Project is situated a notice of any delinquent sums due the Association from the Owner, and a claim of lien. Said notice and claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the lot against which the same has been assessed, and the name of the record Owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien but any number of defaults may be included within a single notice and claim of lien. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and relief of such delinquent sums and charges. The Association may demand and receive the cost of recordation of such release before recording the same. Any purchaser or encumbrancer, acting in good faith and for value, may rely upon such notice of satisfaction and relief as conclusive evidence of the full satisfaction of the sums paid in the notice of delinquent sums.

(c) Method of Foreclosure. Such lien may be foreclosed by appropriate action in court or by sale by the Association, its attorney or other person authorized to make the sale, such sale to be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in mortgages, and deeds of trust, or in any manner permitted by law. The Board is hereby authorized to appoint its attorney, any officer or Director of the Association, or any title company authorized to do business in California as trustee for the purpose of conducting such power of sale foreclosure.

(d) Rental During Foreclosure Proceedings. In any such foreclosure, the lot Owner shall be required to pay reasonable rental for the lot and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Association acting on behalf of the lot Owners, shall have the power to bid on the lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. Suits to recover money judgments for unpaid regular or special assessments shall be maintainable without foreclosing or waiving the lien securing the same.

(e) Required Notice. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recording of the notice of delinquency and claim of lien, whether judicially, or power of sale or otherwise, until the expiration of thirty (30) days after a copy of such claim of lien has been deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Lot described in such notice of the delinquency and claim of lien; and a copy thereof is recorded by the Association in the office of the County Recorder in the county in which the Project is located.

(3) Subordination to Certain Trust Deeds. The lien for the assessments provided for herein in connection with a given Lot shall not be subordinate to the lien of any deed of trust or mortgage except the lien of a deed of trust or mortgage given and made in good faith and for value that is of record as an encumbrance against such given Lot prior to the recording of a claim of lien for the assessments provided for in this Declaration against such given Lot. The sale or transfer of any Lot shall not affect the assessment lien provided for herein, nor the creation thereof by the recording of a claim of lien on account of assessments becoming due whether prior to, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent assessments as provided for in this Declaration; provided, however, that the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish a lien of such assessment as to payments which become due prior to such sale or transfer.

(4) Mortgage Protection Clause. No breach of the covenants, conditions, or restrictions herein contained, nor the enforcement of any lien provisions herein shall defeat or render invalid the lien of any prior deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trust deed sale or otherwise; provided, however, any first mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, shall take the Property free of any claims of unpaid assessments or charges against the mortgaged Lot which accrue prior to the time such mortgagee takes title to such Lot.

ARTICLE VII ARCHITECTURAL COMMITTEE

(1) Committee Composition: The Architectural Committee shall consist of three (3) persons, none of whom shall be required to be an architect, or a Member or officer or Director of the Association or to meet any other particular qualifications. The Declarant shall appoint the first Architectural Committee members who shall remain in office until:

(a) Three (3) years from the date of recording this Declaration; or

(b) Ninety percent (90%) of the Lots in the Project have been conveyed to public purchasers, whichever shall first occur, at which time the Board shall have the right to appoint such members. Prior to the time that the Board is vested with the authority to

appoint members of the Architectural Committee, Declarant shall have the power to remove persons from the Committee and the power to fill all vacancies. From and after such time as the Board acquires the right to appoint, remove and replace the members of the Architectural Committee, the Board may, at its discretion, from time to time, increase or decrease the size of the Architectural Committee; provided, however, that in no event shall the size of the Architectural Committee be less than three (3). Members of the Architectural Committee shall be appointed by and serve at the pleasure of the Board.

(2) Duties. It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof; to insure that the improvements constructed on the Property by anyone other than Declarant conform to the plans approved by the Architectural Committee, to adopt Architectural Committee rules and to carry out all other duties imposed on it by this Declaration.

(3) Plans and Approval. Excepting the interiors of Dwelling Units, no replacement, addition or alteration of a building, structure, garage, fence, wall or other improvement shall be effected on any Lot, other than by Declarant, until the plans, specifications and plot plan showing the location, and nature of such replacement, addition, alteration, or removal have been submitted to and approved in writing by the Architectural Committee; nor shall any exterior painting or decorative alteration be commenced until the Architectural Committee has approved the plans therefor, including the proposed color scheme, design thereof, and the quality of materials to be used. All such plans, specifications and plot plans shall be prepared by an architect, engineer or landscape designer or landscape architect, said person to be employed by the Owner making the application at his sole expense. Plans and resubmittals thereof shall be approved and/or disapproved within thirty (30) days. Failure of the Architectural Committee to respond to submittal or resubmittal of plans within such period shall be deemed to be an approval of such plans as submitted or resubmitted.

(4) Meetings and Compensation. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of a majority of the committee members shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any provision of this Declaration. The Committee shall keep and maintain a written record of all action taken by it in such meetings or otherwise. Members of the Architectural Committee shall not receive any compensation for services rendered.

(5) Architectural Committee Rules. The Architectural Committee may from time to time, in its sole and absolute discretion, adopt, amend and repeal by unanimous vote or written consent, rules and regulations, to be known as "Architectural Committee Rules." Said rules shall interpret and implement this Declaration by setting forth standards and procedures for Architectural Committee review and the guidelines for architectural design, replacements and buildings, landscaping, color schemes, exterior finishes and materials and other similar features which are recommended for use within the Project.

(5) The Association may not by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units without the prior written approval of no less than seventy-five percent (75%) of the first mortgagees (based upon one vote for each such mortgagee) of the individuals units.

ARTICLE VIII MAINTENANCE AND REPAIRS

(1) Duty to Maintain.

(a) Dwelling Units. Subject to the provisions of Article IX regarding destruction and subject to the provisions of this Declaration regarding Association maintenance of the exteriors of the Lots and Architectural Control Committee Approval, each owner shall, at his own cost and expense, maintain and repair his Dwelling Unit, keeping the same in good condition and making all repairs as they may be required.

(b) Damage to Dwelling Units - Duty to Notify. If all or any portion of any Dwelling Unit is damaged or destroyed by fire or other casualty in an amount in excess of the deductible of any insurance carried by the Association, it shall be the duty of the Owner of said Dwelling Unit to notify the Association of such damage by written notice sent by registered or certified mail. The failure to so notify the Association within fifteen (15) days from the date of such damage shall render the Owner liable for all such damages.

(c) Common Area. The Association shall have full power and control and it shall be its duty to maintain, repair and make necessary improvements to the Common Area and the structures located thereon, including, but not limited to, recreational buildings facilities and improvements, all common landscaping and all metered utilities in the Common Area. All private roadways, streets, walks and other means of ingress and egress within the Project shall be treated as Common Area, and the Association shall keep all said roadways, streets, walks, and other means of ingress and egress in a state of good condition and repair.

(d) Additional Maintenance Areas. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance for each Lot within the Project, including the improvements located on each Lot. Such exterior maintenance obligation shall include without limitation the maintenance, repair and replacement of the following: exterior paint, roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior surfaces nor that area of any lot, excluding the exterior of the Dwelling Unit, which lies within the fenced portion of the Lot.

(2) Right to Inspect and Enforcement. The Association shall be empowered with the right and duty to periodically inspect the Common Area and exterior portions of Lots in order that minimum standards of repair, design, color and landscaping shall be maintained for beauty, harmony and conservation within the entire project. In the event that the need for maintenance or repair of

the exterior of any Lot is caused through the wilful or negligent act of the Owner, his family, guests or invitees, or, in the event the Association determines that any of the same have damaged, or modified any improvement, item of landscaping, or portion of the Common Area, without the proper approval of the Association, or the Association determines that a Lot Owner has violated any provision of this Declaration, so as to cause a need for the improvement, repair, restoration or painting of the Common Area, or to cause the landscaping to require repair or restoration, then the Association shall give written notice to the Lot Owner of the condition or violation complained of. Unless the Association has approved in writing corrective plans proposed by the Lot Owner to remedy the condition complained of within such period of time as may be determined reasonable by the Association after said written notice is first given, and unless such corrective work so approved is completed thereafter within the time allotted by the Association, the Association shall undertake to remedy such condition or violation complained of and the cost thereof shall be charged to the Lot Owner whose residence is the subject matter of the corrective work, and such cost shall be deemed to be a special assessment to such Lot Owner, and subject to levy, enforcement and collection by the Association in accordance with the assessment lien procedure provided for in this Declaration.

Nothing in this Article shall in any manner limit the right of the Lot Owner to exclusive control over the interior of his Dwelling Unit, provided, however, that an Owner shall grant the right of entry to the Association or any other person authorized by the Association in the case of emergency originating in or threatening his Lot or Dwelling Unit, whether the Owner is present or not; provided, further, that an Owner shall permit other Owners, or their representatives when so required, to enter his Dwelling Unit for the purpose of performing installation, alterations, or for repair to mechanical or electrical services, interrelated to or connected with other Lots, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner whose Dwelling Unit is to be entered. In case of an emergency, such right of entry shall be immediate.

(3) Easement for Maintenance Purposes. An easement is hereby reserved to the Association for its representatives to have rights of ingress and egress in and upon all Common Areas and exteriors of all Lots subject to this Declaration, to the extent entry is necessary to carry out the maintenance duties imposed by this Article VIII. Such right of entry shall be exercised in such manner so as not to unreasonably interfere with the possession and enjoyment of the occupants of such Lot, and shall be preceded by reasonable notice whenever the circumstances permit.

(4) The Association may not by act or omission change, waive, or abandon any scheme of regulations, or enforcement thereof, pertaining to the exterior maintenance of units, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings without the prior written approval of no less than seventy-five percent (75%) of the first mortgagees (based upon one vote for each such mortgage) of the individual Lots.

ARTICLE IX DESTRUCTION OF IMPROVEMENTS

(1) Damage and Destruction Affecting the Common Area. Subject to the provisions of Section (3) of this Article IX, in the event that any portion of the Common Area, including the improvements

thereon, is damaged or destroyed by fire or other casualty, the following provisions shall apply:

(a) If the available proceeds of the insurance maintained pursuant to Article IV, Section (5) (b) 5 of this Declaration are sufficient to cover not less than eighty-five percent (85%) of the estimated cost of repair or reconstruction thereof, it shall be the duty of the Association, subject to the provisions of Article V, Section (3) (b) hereof, to restore and repair the damaged area as soon as practicable. In such event, the Association shall levy a special assessment against such Owner to provide the funds to pay that portion of the repair costs not covered by available insurance proceeds. Such special assessment shall be allocated equally among the lot Owners and shall be enforceable against each Lot Owner under the lien provisions contained in Article VI hereof.

The foregoing notwithstanding, in the event of a partial destruction where the estimated cost of repair and restoration does not exceed twenty thousand dollars (\$20,000), the Association shall have the right to restore and repair such damage irrespective of the amount of available insurance proceeds.

(b) If the estimated cost of repair is greater than twenty thousand dollars (\$20,000) and the available proceeds of insurance maintained pursuant to Article IV, Section (5) (b) 5 of this Declaration are less than eighty-five percent (85%) of the estimated costs of repair or reconstruction thereof, a vote of not less than sixty-six and two-thirds percent (66 2/3%) of the Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting of the Association, shall be required to repair and rebuild the damaged portions of the Common Area. The failure to obtain the necessary approval of the Owners shall constitute a determination not to rebuild and the Board shall proceed in accordance with Section (1) (c) hereof. In the event of a determination to rebuild, the Board shall cause the necessary plans and specifications to be prepared and obtain bids from at least two (2) reputable contractors for the planned reconstruction and award the contract to the lowest bidder. The Board shall then levy a special assessment (which shall be equally apportioned among the Lot Owners and which shall be enforceable under the lien provisions contained in Article VI hereof) to cover costs of reconstruction not covered by available insurance proceeds.

(c) If the special assessment to be levied pursuant to Section (1) (a) and (1) (b) of this Article IX do not obtain the requisite approval of the Members of the Association, then the Board shall use the available insurance proceeds to remove all damaged or destroyed structures from the Common Area and level and landscape the sites thereof. Any excess insurance proceeds shall be divided into one share for each Lot and disbursed first to holders of valid encumbrances of record in order of their priority as to each Lot and the balance to the Owners of record.

(2) Damage and Destruction Affecting the Dwelling Units. Subject to the provisions of Section (1) of this Article IX, in the event of damage or destruction by fire or other casualty affecting a Lot or lots, including the Dwelling Unit or Units thereon, the Board of Directors of the Association, on behalf of the Owner or Owners thereof, shall cause the same to be repaired or reconstructed as soon as reasonably possible and substantially in accordance with the original plans and specifications therefor. The Board shall obtain firm bids from at least two (2) reputable contractors and

award the contract to the lowest bidder. The Board shall levy a special assessment (which shall be enforced under the lien provisions contained in Article VI hereof) against the Owner of the damaged or destroyed lot to cover any deficiency between the total insurance proceeds and the contract price for such repair and rebuilding of the improvements on that Owner's lot. Such assessment and all insurance proceeds, whether or not subject to mortgages or trust deeds shall be paid to the Association which shall be deemed trustee of the interests of the affected Owner or Owners, and shall be used for such repair and rebuilding.

All insurance proceeds not required to perform said repair and reconstruction work shall be distributed to the Owner of the damaged or destroyed lot and to any Mortgagee of record of said lot.

In the event of damage or destruction affecting two or more lots, any controversy between the Owners of such damaged lots concerning their respective obligations hereunder shall be submitted to the Board and the Board's determination shall be binding upon the said Owners unless, within fifteen (15) days thereafter, any party to the dispute submits the matter to arbitration pursuant to Section (5) of this Article IX.

(3) Destruction of the Project. Notwithstanding anything contained in this Article IX to the contrary, in the event of the total or partial destruction of three-fourths (3/4) or more of the entire Project, including the improvements located on each lot and the Common Area, a vote of not less than sixty-six and two-thirds percent (66 2/3%) of the Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting of the Association, shall be required to repair and rebuild the Project. In the event of a determination not to rebuild, the Board shall proceed in accordance with Section (4) hereof. In the event of a determination to rebuild, the necessary funds shall be raised as provided in Sections (1) and (2) of this Article IX and the Board shall:

(a) Execute, acknowledge, file and record, not later than six (6) months from the date of such destruction, a certificate declaring the intention of the Owners to rebuild.

(b) Cause the necessary plans, specifications and maps to be prepared and execute all documents on behalf of the Association necessary to reconstruct and repair the Project as soon as practicable.

(c) Obtain bids from at least two (2) reputable contractors in accordance with the plans and specifications prepared under paragraph (b) above and award the contract to the lowest bidder.

All reconstruction and repair of the Project pursuant to this section shall be undertaken in accordance with the original plans and specifications for the Project; provided, however, that changes and modifications in said plans may be effected upon approval in writing of seventy-five percent (75%) of all Owners and seventy-five percent (75%) of all Mortgagees of record on the basis of one vote for each unit mortgaged by a mortgagee.

(4) Determination Not to Rebuild. In the event that a certificate declaring the intention of the Owners to rebuild has not been recorded as provided in Section (3)(a) of this Article

within six (6) months from the date of a. par or total destruction, or, in the event that the Owners determine that a reconstruction of the Project shall not take place, then the covenants and restrictions against partition of the Common Area provided in Article II, Section (1) and in Article XIV shall terminate and be of no further force and effect. In addition, unless all Lot Owners and the holders of mortgages on such lots agree in writing to accept an alternative plan, then the Board shall:

(a) Distribute the insurance proceeds for any damage or destruction to the Common Area to the Owners and their Mortgages of record as their respective interests appear; and

(b) Distribute all insurance proceeds payable as a result of damage or destruction to a Lot to the Holders of valid encumbrances of record in order of their priority as to such Lot and the balance to the Owner or Owners of such Lot.

(5) Arbitration. In the event of a dispute among the Owners respecting the provisions of this article, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the Members of the Board and all other Owners as promptly as possible after the reference to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter shall be final and conclusive upon all of the Owners. The arbitrator may include in his decision an award for costs and/or attorney's fees against any one or more parties to the arbitration.

ARTICLE X PARTY WALLS

(1) General Rules of Law To Apply. Each wall or fence which is built as a part of the original construction of the home upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(2) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use. In addition, the cost of reasonable repair and maintenance of wiring or pipes within any party wall shall be shared by the Owners in a like manner. There shall also be a reciprocal right of access into the wall for the purpose of such maintenance or repair.

(3) Destruction of the Party Wall. Subject to the provisions of Article IX, Section (2), if a party wall is destroyed or damaged, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, the right of any such Owners to call for a larger contribution from the Owners under any rule of law regarding liability for negligent or willful acts or omissions.

(4) Weatherproofing. Notwithstanding any other provisions of this article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(5) Right of Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(6) Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this article, any affected party may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to all affected Lot Owners after reference to arbitration is made giving such Owners an opportunity to appear in the arbitration proceedings. The decision of the arbitrator(s) shall be final and conclusive. The arbitrator may include in his decision an award for costs and/or attorney's fees against any one or more parties to the arbitration.

ARTICLE XI CONDEMNATION

(1) Taking of the Common Area. If all or a part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, such that no lot is taken, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots, shall be payable to the Association as trustee for all Lot Owners and mortgagees according to the loss or damages to their respective interest in the Common Area, if any. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Lot Owners with respect to the taking and compensation affecting the Common Area, without limitation on the right of the Lot Owners to represent their own interests. Subject to receiving the award, the Board shall act as follows:

(a) In the event of a partial taking of the Common Area, if the award is not less than eighty-five percent (85%) of the estimated cost of restoration and repair, the Association shall use such proceeds promptly to restore and replace improvements so taken on the remaining Common Area to the fullest possible extent and shall levy an equal special assessment against each Lot Owner to cover that portion of the restoration costs not covered by the award. Such special assessment shall be enforced under the lien provisions contained in Article VI of this Declaration. All such replacements shall comply as closely as practicably possible to the original plans, specifications and elevations of the improvements taken by eminent domain.

(b) In the event that the award is less than eighty-five percent (85%) of the estimated costs of such restoration, a vote of not less than sixty-six and two-thirds percent (66 2/3%) of the Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting of the Association shall be required to restore the Common Area. If the determination not to rebuild is made, the Association shall cause a revised map to be prepared and recorded showing the elimination of the portion of the Common Area taken and the award shall be distributed in equal shares (based on one share to each lot) to the Lot Owners and their Mortgagees of record, as their respective interests appear.

In the event that the Association determines to rebuild, the Board shall levy a special assessment to cover all reconstruction costs not covered by the award in accordance with paragraph (a) above.

(c) If no restoration is possible, or in the event there is an award in excess of the amount necessary to restore the Common Area, it shall be distributed by the Board to the Lot Owners and their Mortgagees of record in equal shares as their interests appear.

(d) In the event that the condemnation award does not allocate consequential damages to the specific Lots, but includes an award for reduction of value of the Lots without such allocation, the Board, within thirty (30) days after such award, shall determine the allocation of the award between the affected Lots and the Common Area damages. Such decision by the Board shall be binding on the affected Owners unless within thirty (30) days after notification of such decision, fifty-one percent (51%) of the affected Owners give the Board written notice that the allocation is unacceptable. In such event, the Owners or the Board may cause the matter to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration notice thereof shall be given to the Members of the Board and all other Owners as promptly as possible after the reference to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter will be final and conclusive upon all of the Owners. The arbitrator may include in his decision an award for costs and/or attorney's fees against any one or more parties to the arbitration.

Nothing herein is to prevent Lot Owners whose Lots are especially affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to the loss of values of the affected Lots, or the personal improvements therein, exclusive of damages relating to the Common Area.

(4) Partial or Total Taking Directly Affecting the Lots.

If part or all of the Lots within the Project are taken or condemned by any authority having the power of eminent domain, the Lot Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lots. After such taking, the voting rights and the share of assessments shall be equitably adjusted among the reduced number of Owners by the Board. However, notwithstanding anything contained herein to the contrary, if part or all of the Common Area is also taken, then the Association shall have the right to act on behalf of the Lot Owners with respect to the Common Area and the Board of Directors of the Association shall, within thirty (30) days of the taking, make the following determinations:

(a) The Board shall determine the allocation of the award between the Common Area and the Lots taken and shall distribute the compensation for the taking of the Lots to the Owners of the Lots taken and their Mortgagees of record. The decision and allocation of the Board shall be binding on the affected Owners unless within thirty (30) days after notification of such decision fifty-one percent (51%) of the Owners of the Lots taken give the Board written notice that the decision and allocation of the Board is unacceptable and that they wish to submit the matter to arbitration in accordance with Section (3) of this Article XI. Upon finalization of the Board's decision, the remainder of the Project shall continue to operate and a revised map shall be prepared and recorded showing the elimination of the portions of the Project taken.

(b) As to each Owner whose Dwelling Unit shall have been taken the Board shall distribute to said Owner and his Mortgagee of record his respective share of the award as to the Common Area.

(c) As to the remaining award, the Board shall not be provided in Section (1) of this article; provided, however, that only the remaining Owners shall be entitled to vote on the special assessments called for and provided further that no Owner whose Dwelling Unit shall have been taken shall be subject to any special assessment.

(3) Arbitration. Within thirty (30) days after the receipt of notice from the Owners that they wish to arbitrate the decision of the Board rendered under Section (2) (a) thereof, the Association shall submit the matter to arbitration in accordance with the rules of the American Arbitration Association for equitable or legal remedies with respect to the continued existence of the Project, the division of the award as to the taken and remaining lots, and such other remedies as law will allow and equity requires. The results of such arbitration are hereby declared binding on all Lot Owners or persons having an interest in the Project and shall be enforceable in a court of law.

(4) Amendment and Declaration. In the event that the Project is reformed and continued in accordance with Section (2) hereof, an amendment of the Declaration executed by Seventy-five percent (75%) of the remaining Lot Owners shall be recorded in the official records of the County of Orange, State of California, which reflects all changes in the ownership, liability for common expenses, ownership of the Common Area and voting rights caused by the taking.

ARTICLE XII ANNEXATION

(1) Annexation of Additional Property. Additional residential and common area property may be annexed to the Project and made subject to this Declaration and subject to the jurisdiction of and a part of the Orchard Lane Terrace Homeowners Association, provided that any improvements thereon be of a substantially comparable style, quality, size and cost as those of this Project and provided further, that the annexation of any additional common area property shall not change substantially the burdens of assessments to be levied on the individual Lot Owners. Such annexations may be accomplished by either of the following methods:

(a) Annexation by Approval. Upon the written approval of sixty-six and two-thirds percent (66-2/3%) of the Class A members of the Association, the owner of any real property who desires to annex such real property to the scheme of this Declaration may accomplish such annexation by recordation of a Supplementary Declaration as provided for by Sections (2) and (3) of this Article XII for the annexed property.

(b) Annexation Without Approval. Notwithstanding the provisions of paragraph (a) of this Section (1), all or any portions of Lots 69 to 114, inclusive, and Lot 116 of Tract 2464 as per map recorded on October 17, 1975, in Book 68, Pages 41-45, inclusive, of Miscellaneous Records, Office of the County Recorder of Ventura County, California, may, from time to time, be annexed to the scheme of this Declaration by Declarant without the consent of the Association or its members at any time prior to the expiration of a period of (3) years after the date of issuance by the California Department of Real Estate of the final Subdivision Report covering any portion of the property. Annexation proceedings for said Lots 69 to 114 and Lot 116 of Tract 2464 may be accomplished by the recordation of a Supplementary Declaration as provided for in Sections (2) and (3) of this Article XII and the issuance by the California Department of Real Estate of a separate final Subdivision Report covering said Lots; provided, however, that Declarant shall obtain the written approval of said Supplementary Declaration by the California Department of Real Estate prior to its recordation.

(2) Method of Annexation. The annexations authorized pursuant to paragraphs (a) and (b) of Section (1) of this Article XII shall be effectuated by the recording of a Supplementary Declaration of Covenants, Conditions, and Restrictions (the "Supplementary Declaration") for the annexed property. The Supplementary Declaration shall be executed by the owners of the real property sought to be annexed to the scheme of the Declaration by the recordation thereof, and, in the event annexation is accomplished pursuant to paragraph (a) of Section (1) of this Article XII shall have attached thereto the written consent of the members of the Association as required by said paragraph (a). Annexation pursuant to this Article may be accomplished in stages by successive supplements or in one supplemental annexation. The foregoing notwithstanding, no annexation pursuant to this Section (2) shall substantially increase assessments or the burden upon the common properties or facilities without approval of sixty-six and two-thirds percent (66-2/3%) of the Class A members of the Association.

(3) Contents of Supplementary Declaration. The Supplementary Declaration shall describe the real property to be annexed to the scheme of this Declaration and it shall state that it is being made pursuant to the terms of the Declaration for the purpose of annexing the property described in the Supplementary Declaration to the scheme of this Declaration and extending the jurisdiction of the Association to cover the property so described in such Supplementary Declaration. In addition, the Supplementary Declaration shall provide for the conveyance of any additional Common Area to the Association for the benefit of its members. The Supplementary Declaration may contain such complimentary additions and modifications to this Declaration as may be necessary to reflect the different character if any, of the real property being annexed and as are not inconsistent with the general scheme of this Declaration. In no event, however, shall such Supplementary Declaration revoke, modify or add to the covenants and agreements established by this Declaration with regard to any real property subject to the Declaration prior to the recordation of such Supplementary Declaration. Any Supplementary Declaration recorded in accordance with the terms hereof shall be conclusive and in favor of all persons who relied thereon in good faith. Upon recordation of any Supplementary Declaration in accordance with the provisions hereof, the real property described herein shall be subject to the provisions of this Declaration, and the jurisdiction of the Association pursuant to the terms of this Declaration, the By-laws and the Articles, and thereafter all of the owners of dwelling units located on said annexed real property shall automatically be members of Orchard Lane Terrace Homeowners Association with all rights and obligations appertaining to such membership.

(4) Easements. Declarant expressly reserves unto itself, and for the benefit of all property which may from time to time be annexed pursuant to this Declaration, non-exclusive reciprocal easements of access, ingress and egress, provided, however, that if additional property is not annexed hereto in accordance with and within the time periods specified in Article XII hereof, said easements shall cease to exist. Such easements may be used by Declarant, its successors, purchasers and all Owners, their guests, tenants and invitees for sidewalks, walkways, vehicular access and such other purposes reasonably necessary to the use and enjoyment of a dwelling unit in the project.

(5) Expansion of Association Membership. Declarant shall expand the membership of the Association to include owners of any units of such annexed property when constructed so that such owners of additional units will be members in the Association with full membership rights and obligations.

ARTICLE XII
DURATION AND AMENDMENT

(1) Duration. This Declaration shall continue in full force and effect for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless within six (6) months prior to the expiration of the initial term of any ten (10) year renewal period a written agreement, signed by a majority of the then Owners has been placed on record with the Office of the County Recorder of Ventura County by the terms of which the effectiveness of this Declaration is terminated or the covenants herein contained are extinguished in whole or in part as to all or any part of the Property subject thereto provided, however, such termination and extinguishing shall not in any way affect the obligation and duty of the Association to manage, maintain and care for the Common Area so long as the Planned Development character of the Project shall exist.

(2) Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which the proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by a Lot Owner at a meeting of the Members of the Association. The resolution shall be adopted by the approval of Lot Owners owning in the aggregate not less than seventy-five percent (75%) of the Lots. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when recorded in the public records, Orange County. The foregoing notwithstanding, no amendment shall be adopted affecting the terms of Sections (3) and (4) of Article VI of this Declaration without the prior written approval of the Owners of all first mortgage liens. In addition, the Owners of all first mortgage liens will be notified 30 days prior to the effective date of all changes or amendments to this Declaration. No amendments shall be adopted affecting the term of this Declaration as set forth in Section (1) of this Article XII.

ARTICLE XIV
COVENANT AGAINST SEVERABILITY

Declarant, its successors, assigns, by this Declaration, and all grantees by acceptance of their respective deeds, covenant and agree that the undivided interest in the Common Areas and the fee titles to their respective Lots conveyed therewith shall not be reparted or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot; provided, however, that an action may be brought by one or more Owners of said Lots for partition of said Common Area, upon a showing that:

(a) Three (3) years after damage or destruction to the Project which renders a material part thereof unfit for its use prior thereto, the Project has not been rebuilt or repaired substantially to its state prior to its damage or destruction; or

(b) Three-fourths (3/4) or more of the Project has been destroyed or substantially damaged, and at a duly constituted meeting of the Owners, the Owners present and entitled to vote fail to approve the repair or restoration of the Project as provided in Article IX, Section (3) hereof; or

(c) A certificate of resale or to build or restore has not been recorded as provided in Article IX, Section (3) above, within six (6) months from the date of any partial or total destruction; or

(d) The project has been in existence in excess of fifty (50) years and is obsolete and uneconomic and more than fifty percent (50%) of the Owners are opposed to repair or restoration of the Project.

Provided further, however, that no such action for partition or any other act or omission seeking to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association may be undertaken by such Owner or Owners, or by any other party, unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each such mortgagee) of individual units have given their prior written approval. The granting of easements for public utilities or for other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning hereof.

Nothing contained in this Article XIV shall be deemed to prevent partition of a co-tenancy in any of said lots.

ARTICLE XV MISCELLANEOUS

(1) Legal Proceedings. Failure to comply with any of the terms of this Declaration, or the Articles and By-laws of the ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION (including the regulations adopted pursuant thereto) shall be grounds for relief which may include, without limiting same, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof, which relief may be sought by the Association, or if appropriate, by an aggrieved Lot Owner. The provisions of this Declaration shall be literally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision, or any other provision hereof. Any Lot Owner not at the time in default hereunder, shall be entitled to bring an action for damages against any defaulting Lot Owner, and in addition may enjoin any violation of this Declaration. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in such amount as the court may deem reasonable, in favor of the prevailing party.

(2) Notice to Holders of Mortgages. The Association will, upon request, give written notification to the holders of first mortgage liens of any default by the owner/mortgagor of any lot in the performance of such owner/mortgagor's obligations under this Declaration, or the Articles and By-Laws of the Association which is not cured within sixty (60) days.

(3) Mortgagee Inspection Rights. First mortgagees shall have the right to examine the books and records of the Association.

(4) Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provisions hereof.

(5) Mortgage Approval. Unless at least seventy-percent (75%) of the first mortgages (based upon one for each first mortgage owned), or Owners (other than Declarant) of Lots in the Project have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area or any portion thereof; provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Project shall not be deemed a transfer within the meaning of this clause; nor

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner; nor

(c) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings in the Project; nor

(d) Fail to maintain fire and extended coverage on insurable Common Area property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); nor

(e) Use hazard insurance proceeds for losses to any Common Area property for other than the repair, replacement or reconstruction of such improvements except as provided in Article IX of this Declaration.

(6) Binding Effect of Association Agreements. All agreements and determinations lawfully made by the Association in accordance with the voting rights established in this Declaration or in the By-laws, shall be deemed to be binding on all Owners of Lots, their successors and assigns.

(7) Notification of Sale of Lot. Concurrently with the consummation of the sale of any Lot, or within five (5) business days thereafter, the transferee of such Lot shall notify the Association in writing of the sale. Such notification shall set forth:

- (a) The name of the transferee and his transferor;
- (b) The Lot number and street address of the Lot purchased;
- (c) The mailing address of the transferee; and
- (d) The date of sale.

Prior to receipt of such notice by the Association, all notices required or permitted to be given by the Association shall be deemed to be duly given to the transferee if duly and timely made to the transferor of the transferee.

IN WITNESS WHEREOF, the undersigned being the Declarant herein has hereunto set its hand and seal this 23 day of January, 1976.

FREDRICKS DEVELOPMENT CORPORATION
A California Corporation

By 
E. J. Hunter, President

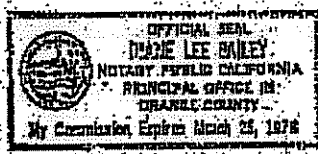
By 
James D. White, Secretary

STATE OF CALIFORNIA

COUNTY OF ORANGE

SS.

On January 23, 1936, before me, the undersigned, a Notary Public in and for said County and State, personally appeared E. J. Hunter known to me to be the President, and James D. White known to me to be the Secretary of the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its By-Laws or a resolution of its Board of Directors.



Diane Lee Bailey

Diane Lee Bailey

Notary Public in and for
said County and State

92-046593

Rec Fee 14.00
Check 14.00

Recorded
Official Records
County of
Ventura
Richard D. Dean
Recorder

Recording requested by and
when recorded return to:

3:10pm 20-Mar-92

CC 4

JAMES P. LINGL & ASSOCIATES
1200 Paseo Camarillo, Suite 170
Camarillo, CA 93010

FIRST AMENDMENT

TO

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION

This document constitutes an amendment to the Declaration of Covenants, Conditions and Restrictions dated January 23, 1976, and recorded in Ventura County, California, on February 5, 1976 at Book 4534, Pages 169 through 202, inclusive, covering property described as follows:

Lots 1 to 114, inclusive, and Lots 115 and 116, of Tract 2464 as per map recorded on October 17, 1975, Book 66, Pages 41-45, inclusive, of Miscellaneous Records, Office of the County Recorder of Ventura County, California

Upon the affirmative vote of seventy-five percent (75%) of the total voting power of the Association as required by Article XIII, Section (2) of the Association's Declaration of Covenants, Conditions and Restrictions, the following amendment to the Declaration of Restrictions has been adopted and shall run with said real property and shall be binding upon and inure to the

benefit of each owner of said real property or any part thereof and each successor in interest of such property:

Section (2) of Article III of the aforesaid Declaration of Covenants, Conditions and Restrictions is hereby amended to read as follows:

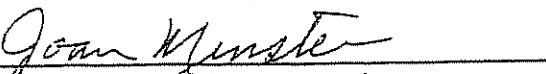
"(2) Density Restrictions. There shall not be constructed or maintained upon any Lot more than one (1) single-family residence with a garage. No single-family residence shall be regularly occupied by more than two (2) persons for each bedroom contained in the residence. Garages, dining areas, living rooms, halls, kitchen areas, bathrooms, and other areas not customarily utilized for sleeping shall not be considered as bedrooms for purposes of this Section. As used herein, the phrase "regularly occupied" shall mean occupancy in excess of two (2) weeks in any six (6) month calendar period. This Section is intended to regulate population density within the Orchard Lane Terrace project so as to promote the health, safety and welfare of the residents and assist in regulating automobile traffic and parking."

IN WITNESS WHEREOF, this Amendment to the Declaration of Covenants, Conditions and Restrictions has been duly adopted by vote of the Association membership. All property which is held hereunder shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to said

Declaration of Covenants, Conditions and Restrictions as set forth
in the original Declaration and all Amendments thereto.

ORCHARD LANE TERRACE
HOMEOWNERS ASSOCIATION

By 
CLEO MCCORMICK, President

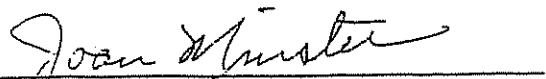
By 
JOAN MINSTER, Secretary

We, the undersigned, the duly elected and acting
President and Secretary of ORCHARD LANE TERRACE HOMEOWNERS
ASSOCIATION, a California nonprofit mutual benefit corporation, do
hereby certify:

That the within and foregoing Amendment to the
Declaration of Covenants, Conditions and Restrictions was duly
adopted by affirmative vote of seventy-five percent (75%) of the
Association membership and that the same does now constitute an
Amendment to the Declaration of Covenants, Conditions and
Restrictions.

ORCHARD LANE TERRACE
HOMEOWNERS ASSOCIATION

By 
CLEO MCCORMICK, President

By 
JOAN MINSTER, Secretary

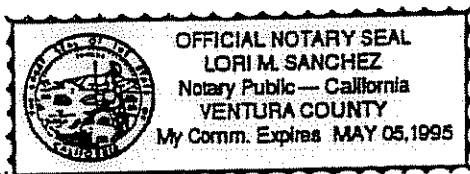
STATE OF CALIFORNIA)

(SS.

COUNTY OF VENTURA)

On 3 March 1992, before me, Lori M. SANCHEZ, personally appeared CLEO McCORMICK, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Lori M. Sanchez
Notary Public

STATE OF CALIFORNIA)

(SS.

COUNTY OF VENTURA)

On 2-25-92, before me, DON MARTIN, personally appeared JOAN MINSTER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Don Martin
Notary Public

ORCHARD LANE TERRACE HOMEOWNERS ASSOCIATION
C/O COMMUNITY PROPERTY MANAGEMENT
P.O. BOX 5890
OXNARD, CALIFORNIA 93031

PAID BY CK
FEE
\$5
3
COMPARSED

OFFICIAL REC
VENTURA COUNTY
ROBERT L. HAMM

APR 30 11:58 AM '79

ORCHARD LANE TERRACE

RECORDED AT REQUEST OF:

Orchard Lane Terrace HOA

AMENDMENT TO DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS

This Amendment is made this 25th day of April, 1978
by the Orchard Lane Terrace Homeowner's Association, a California non-
profit corporation hereinafter referred to as "Declarant".

RECITALS

A. Fredricks Development Corporation, a California corporation,
executed a Declaration of Covenants, Conditions and Restrictions which
was recorded on February 5, 1976, in Book 4534, Pages 169 through 202,
inclusive, in the Office of the County Recorder of Ventura County (the
"Declaration"), covering certain real property in the City of Oxnard,
County of Ventura, State of California, more fully described as follows:

Lots 1 to 68 inclusive, and Lot 115, of Tract 2464
as per map recorded on October 17, 1975, in Book 66,
Pages 41 through 45 inclusive, of Miscellaneous
Records, Office of the County Recorder of Ventura
County, California.

B. Fredricks Development Corporation deemed it necessary for
the efficient preservation of the value, desirability, and attractive-
ness of said tract, to create Declarant to which the powers of main-
taining and administering the common area and administering and en-
forcing the Declaration and collecting and disbursing funds pursuant
to the assessments and charges thereunder, should be delegated and
assigned.

C. Fredricks Development Corporation pursuant to a Supplemental
Declaration of Covenants, Conditions and Restrictions recorded on
November 12, 1976, in Book 4710, Pages 834 to 836 inclusive, of the

RECORDED

...records in the Office of the County of Ventura County, California,
annexed the following desc: real property to the scheme of t
Declaration:

Lots 69 to 114 inclusive, and Lot 116 of Tract 2464, as per map
recorded on October 17, 1975, in Book 66, Pages 41 through 45 inclusive,
of Miscellaneous Records in the Office of the County Recorder of
Ventura County, California.

D. Certain ambiguities have arisen in the interpretation of certain
Article III, Paragraph 5 of the Declaration. *Not changed*

E. A typographical error appears in the Declaration in Article XIII,
paragraph 2, line 11.

F. A conflict in dates exists between Article V, Section 3, of the
Bylaws and Article IV, Paragraph (7), lines 4, 5 and 6 of the Declaration.

Declarant now desires to clarify the ambiguity which appears in
Article III, paragraph 5 of the Declaration; to correct the typographical
error which appears in Article XIII, paragraph 2, line 11, of the
Declaration and to remove the conflict in dates between Article V,
Section 3, of the Bylaws and Article IV, paragraph (7), lines 4, 5, and
6 of the Declaration.

G. The installation of air conditioners is prohibited by Article III,
paragraph (7), line 6 of the Declaration. The Declarant desires to
allow the installation of air conditioners subject to compliance with
specifications and Architectural Committee and Board of Directors
approvals being obtained.

~~NOW THEREFORE, DECLARANT hereby declares as follows:~~

~~1. That Article III, paragraph 5, of the Declaration is amended
to read as follows:~~

~~"Parking Restrictions: Use of Garages. No vehicle, boat, trailer,
recreation vehicle, camper, or truck, shall be parked or left over
night on any private street or any other part of the property, other
than within a garage or in a parking area designated by the Association.
The garages shall be used for the parking of vehicles only and shall
not be converted for living or recreational activities."~~

~~2. That part of Article XIII, paragraph 2, line 11, of the
Declaration which refers to "Orange County" is hereby corrected so
that Article XIII, paragraph 2, line 11, shall read as follows: "records,
Ventura County. The foregoing notwithstanding, no amendment..."~~

~~3. That Article IV, paragraph 7, lines 4, 5, & 6, is changed to
read...thereafter the annual meetings shall be held during the month
of April of each succeeding year.~~

~~4. That Article III, paragraph (7), line 6, be changed to read
"wiring or insulation, or other machine, other..." and that the
following phrase be added at the end of paragraph (7): "Each owner
shall have the right to install and maintain an air conditioning unit
subject to (a) compliance in installation, configuration and operation
to the set of specifications adopted and approved by the Board of
Directors and the Architectural Committee. (b) Specific approval prior~~

PASSED by
The Association

NOT changed

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to installation by the Board of Directors and the Architectural Committee in writing. Such approval shall not be unreasonably withheld provided the specifications are met."

IN WITNESS WHEREOF, Declarant has executed this Amendment to the Declaration, on the date hereinabove set forth.

ORCHARD LANE TERRACE HOMEOWNERS
ASSOCIATION, a California non-profit
corporation

Date: April 27, 1979

By Arnold P. King
President

Date: April 27, 1979

By W. Lawrence Clatham
Secretary

STATE OF CALIFORNIA
COUNTY OF VENTURA

On April 27, 1979 before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold P. King, known to me to be the President and Secretary, known to me to be the Association of the Association, the Association that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of the Association executed the same.

Daphne Becker DAPHNE BECKER
WITNESS my hand and official seal.

(Seal)

