

SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CUSTOM
LOTS IN CALIFORNIA CHATEAU

THIS SUPPLEMENTAL DECLARATION OF COVENANTS' CONDITIONS AND RESTRICTIONS FOR CUSTOM LOTS IN CALIFORNIA CHATEAU ("Supple-mental declaration") is made this I a, today of xxxx, by KAUFMAN a BROAD Or SOUTHERN' CALIFORNIA INC., a California corporation ("Declarant").

- A. Declarant is the owner of that certain real property located in the City of Palmdale, County of Los Angeles, State of California, more particularly described as:

Lots 1 through 15, inclusive, Lots 17 through 62, inclusive, and Lots 66 through 73, inclusive, of Tract 43810, as shown on a Map re-corded in Book 1120, Pages 25 through 37, inclusive, of Maps in the Office of the County Recorder of Los Angeles County. Said Lots and all Improvements, including the Residences to be constructed thereon, are hereinafter collectively referred to as the "Affected Lots."

- B. Declarant is the developer of that certain residential planned development commonly known as "California Chateau" ("Project"). The Affected Lots described in Paragraph A above are part of the "Annexation Property," as defined in that certain "Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for California Chateau" recorded on December 19, 1988, as Instrument No. 88-2018830, in the Official Accords of Los Angeles County (the "Declaration"). The Affected Lots have been made subject to the terms and provisions of the Declaration by the recordation of Notices of Annexation in the Official Records of Los Angeles County, in accordance with Article XVI of the Declaration.

- C. Declarant previously caused to be incorporated "California Chateau Community Association," a California non-profit, mutual benefit corporation (the "Association") for various purposes, including, without limitation, the power and duty to establish an architectural control committee which shall have the power and duty to promulgate reasonable standards Ok against which to examine plans and specifications for proposed Improvements to Lots in the Prospect and the correlative power and duty to review detailed plans and specifications denoting the nature, kind, size, shape, style, dimensions, materials, quality, color, finish, location, and elevation of all proposed Improvements, which shall, in addition, be in substantial conformance with the Architectural Standards promulgated, adopted and amended from time to time by said Architectural Control Committee. Declarant desires and intends to reserve its rights to develop and market the Affected Lots either for the development of custom Residences or for the construction of Residences from building plans and specifications which were originally drafted and pre-pared by Declarant, and approved for construction by the City.

- D. In furtherance of Declarant's plans for development of the Affected Lots, Declarant desires and intends to supplement the Declaration and the Notices of Annexation in order to establish, adopt and impose additional covenants, conditions, restrictions, reservations and equitable servitudes ("Covenants") upon the Affected Lots for the purpose of enforcing, protecting and preserving the value, desirability

and attractiveness of all Lots burdened by the Covenants set forth in this Supplemental Declaration.

- E. No escrow has closed for the sale of an Affected Lot to a retail buyer in the Affected Lots; Declarant is the owner of all Affected Lots.

NOW, THEREFORE, for and in consideration of the fore-going Recitals, Declarant does hereby establish that all of the Affected Lots shall be held and conveyed subject to the following covenants, conditions, restrictions, limitations and equitable servitudes which are hereby declared for the benefit of all Affected Lots, and their respective owners, successors and assigns. Each and all of the Covenants shall run with the land and shall inure to the benefit of and be binding upon Declarant, its successors and assigns and all subsequent owners of all or any portion of the Affected Lots, and such additional real property which may be made subject to the Covenants set forth in this Supplemental Declaration, together with their respective grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I DEFINITIONS

Unless the context clearly Indicates otherwise, all terms used in this Supplemental Declaration shall be defined as set forth in the Declaration, and, in addition, the following terms used in this Supplemental Declaration are defined as follows:

Section 1. "Architectural Standards" shall mean and refer to those certain guidelines, rules and procedures for the submittal of plans and specifications and other pertinent documents to the Architectural Control Committee as may be promulgated and adopted from time to time, pursuant to Article IX entitled "Architectural and landscaping Control," as set forth in the Declaration.

Section 2. "Building Envelope" shall mean and refer to that portion of a Lot upon which a Residence, and related Improvements, may be constructed as more particularly described in Article III, entitled "Architectural and Landscaping Control," as set forth in the Declaration. Each Building Envelope shall set forth the elevations of the finished Lot as of the date of recordation of this Supplemental Declaration, buildable areas for such Lot, height limitations for Residences and landscape improvements and structural set back lines for front, rear and side yard areas of each such Lot. Nothing contained in this Supplemental Declaration, however, shall preclude the Board, upon obtaining the advice of the Architectural Control Committee, and its consultants from imposing more restrictive limitations on set back requirements or height limitation than those provided in the Building Envelopes. A diagrammatic of the Building Envelope for each Affected Lot is attached hereto as Exhibit "A" and incorporated herein by this reference. The diagrammatics of the Building Envelopes for Lots in subsequent phases which may be subject to terms and provisions of this Supplemental Declaration shall be attached as Exhibits in Supplemental Notices of Annexation which may be recorded by Declarant, from time to time. In addition, diagrammatics of the building Envelopes for each Lot shall be on file in the principal office of the Association. All matters set forth in said Building Envelopes shall have the same force and effect as those set forth in this Supplemental Declaration. In the event that Declarant or any Owner develops and constructs a Residence from building plans and specifications originally approved for construction by the City on any Lot which is also'

subject to this Declaration, the Building Envelope created and otherwise applicable to such Lot shall be void and without further legal effect.

Section 3. "Improvements" shall mean and refer to the definition of Improvements set forth in Article I, Section 15 entitled "Improvements" as set forth in the Declaration. The following additional structures and appurtenances shall be added to the definition of "Improvements:" Nonhabitable structures and accessory buildings other than an attached garage, the use of which is incidental to that of the Residence, grading, excavating, cuts and fills modifying the established grade of any Lot and solar heating equipment and all related facilities.

ARTICLE II ARCHITECTURAL AND LANDSCAPING CONTROL

Section 1. Introduction.

The following Covenants are hereby added to and made a part of Article IX, entitled "Landscaping and Architectural Control," as set forth in the Declaration. In the event of any conflict between the terms and provisions set forth in this Article, and the terms and provisions set forth in Article IX of the Declaration, the more restrictive of such terms and provisions shall be controlling.

Section 2. Submittal of Plans and Specifications.

Any Owner desiring to make any Improvement to his lot shall submit to the Architectural Control Committee for its review detailed plans and specifications denoting the nature, kind, size, shape, style, dimensions, materials, quality, color, finish, location and elevation of the proposed Improvement, which shall be in substantial conformance with the Architectural Standards and in strict conformance with the Building Envelope for such Lot. The Architectural Control Committee may require such detail in the plans and specifications as it deems appropriate, including, without limitation, the following:

- a) Site Plan. A fully dimensioned site plan showing the location of all structures, landscaped areas, parking areas, exterior lighting, trash enclosures, walls, fences, signs, slopes and vehicular and pedestrian access ways' including the driveway, adjoining streets, alleys and all public or private easements and rights-of-way, together with a fully dimensioned area map showing the location of the Lot, and all proposed and existing Improvements thereon, in relation to adjoining Lots and Improvements within one hundred feet (100');
- b) Building Plans. Building plans, including floor, foundation and roof plans, together with a description of all materials for such matters;
- c) Elevations. Exterior elevations, surfaces and sections of all structures specifying the colors, finishes and surface materials proposed, and a palette of such colors, finishes and materials;
- d) Landscaping Plans. Landscaping and irrigation plans showing the type, number, size, location and elevation of trees, bushes, shrubs, plants, hedges, fences, lines sprinklers, valves and other proposed features;

- e) Grading Plan. A grading plan with elevation contours and drainage, which shall be stamped and certified, by a registered professional engineer or licensed surveyor; and Documents.

Other documents deemed necessary by the Architectural Control Committee to support or clarify the plans and specifications submitted by Owner. All such plans and specifications shall have been drawn to scale, shall have been prepared by an architect, landscape architect, engineer or designer licensed or certified by the State of California, or by such other person as may be approved, in writing, by the Architectural Control Committee, and shall be submitted in writing over the signature of the Owner, or Owner's authorized agent. The Architectural Control Committee shall designate in the Architectural Standards the number of duplicate copies of such plans and specifications that it shall require in order to perform its responsibilities under this Article.

Section 3. Regulations and Fees for Architectural Review.

The Board may establish and issue reasonable rules and regulations governing procedures for submission of plans and specifications, and may establish a reasonable schedule of architectural review fees to be charged by the Architectural Control Committee for the review of plans and specifications, as shall be set forth in the Architectural Standards. Such fees shall be reasonably related to the anticipated cost of providing the architectural review. The Owner of the Lot upon which the work of Improvement is to be constructed shall pay these fees prior to the Architectural Control Committee's review of the plans and specifications for the proposed work. Acceptance of the architectural review fee in no way guarantees the approval of the proposed work, and in the event the proposed work is disapproved, there shall be no refund of said fee.

Section 4. Review of Plans and Specifications.

The Architectural Control Committee shall review any plans and specifications submitted by an Owner, pursuant to Section 2 hereinabove, in accordance with the following provisions:

- a) Review by Licensed professionals In the event the Architectural Control Committee shall deem it necessary or appropriate to retain the services of an engineer or architect to review or assist in the review of any such plans and specifications for any proposed Improvement, the Architectural Control Committee shall so advise the Owner, in writing. The Owner shall pay all reasonable fees and all additional costs and expenses incurred by the Architectural Control Committee in obtaining such review, including, without limitation, any fees incurred by the Architectural Control Committee in retaining an architect, engineer or other professional.
- b) Review Criteria. Approval by the Architectural Control Committee of the plans and specifications shall be based, among other things, conformity with Building Envelope, scale of site dimension; conformity and harmony of external design with neighboring structures: effect of location and use of Improvements (including landscaping) on neighboring property; relation of topography, grade and finished ground elevation of the Lot being improved to that of neighboring property; proper facing of all elevations with respect to nearby streets; consideration of view and aesthetic beauty; and conformity of the plans and specifications to the

purpose and general plan and intent of the Covenants in this Declaration. The Architectural Control Committee may withhold approval of the plans and specifications for any proposed Improvement because of noncompliance with any of the specific Covenants set forth in this Declaration; because of the dissatisfaction of the Architectural Control Committee with the proposed nature, kind, plan, design, shape, height, dimensions, proportions, architectural style, color, finish or materials to be used therein, the pitch or type of any proposed roof, or the size, type or location of any proposed trees or other 'landscaping' to be planted on the Lot; or because of the dissatisfaction of the Architectural Control Committee with any aspect of the proposed Improvement which would cause the proposed Improvement to be inappropriate, inharmonious or out-of-keeping with the general plan of improvement for the project or with the Improvements on or topography of the surrounding property. The Architectural Control Committee may condition its approval of plans and specifications on such changes therein as it deems appropriate, upon the agreement by the Owner submitting the same to grant appropriate easements to the Association for purpose of maintenance, and may require submission of additional plans and specifications or other information prior to approving or disapproving the materials submitted.

- c) Action by the Architectural Control Committee. The decisions of the Architectural Control Committee shall be governed by the provisions set forth in Article IX, Section 11 entitled "Decisions of the Architectural Control' Committee," in the Declaration.
- d) Resolution of Disputes In the event of a dispute between an Owner and the Architectural Control Committee, an appeal may be requested in accordance with the terms and provisions set forth in Article IX, Section 17 entitled "Appeal," in the Declaration.

Section 5. Specific Architectural Restrictions.

In addition to the Architectural Standards, the Architectural Control Committee shall give effect to and enforce the following specific architectural restrictions and controls which are mandatory, and apply to the construction of any and all works of Improvement, in order to maintain a uniform and attractive appearance within the Projects I

- a) Single-Family Residence. Each Lot is designed and intended for the construction of one (1) detached single-family dwelling of not less than one thousand, nine hundred seventy (1,970) square feet of living area, exclusive of garage. No multi-family Residences shall be allowed. In no event shall more than one (1) Residence be constructed upon any Lot. Notwithstanding the foregoing, the Architectural Control committee may approve the construction of one Residence upon two (2) or more contiguous Lots. In such event, the Architectural Control Committee may permit reasonable variations from the specific restrictions set forth in this Section, such as setbacks, increases in maximum number of garage stalls and other restrictions determined in part on the basis of square footage of the Lot upon which the Improvement is being constructed. In such event, the Architectural Control Committee shall cause to be prepared, or authorize to be prepared, a revised Building Envelope for the site. All costs and expenses associated therewith shall be borne by the Owner. Additionally, in the event that it becomes necessary to file of record a parcel map, . lot line adjustment, variance or other instrument which

serves to create a 'new lot or parcel, the Owner shall remain liable for the full amount of all Assessments levied by the Association against the number of Lots which existed prior to the recordation of the parcel map, etc. (for example, if an Owner recorded a parcel map which served to consolidate Lots 1, 2 and 3 in order to create a new "Parcel 1 of Parcel Map 0000," such Owner shall remain obligated to the Association for all Assessments which would have been levied against Lots 1, 2 and 3 had the parcel map not been recorded).

- b) Garage. An enclosed garage of sufficient size to accommodate at least two (2) vehicles, but not more than four (4) vehicles shall be constructed.
- c) Construction of Improvements Per Exhibits to Architectural Standards. All Improvements, including the Residence, shall be constructed in strict accordance with the Architectural Standards and in compliance with all plans and specifications approved by the Architectural Control Committee. The Residence shall be situated entirely within the Building Envelope for said Lot. The perimeter setback areas as shown and detailed on the Exhibits shall define the Building Envelope. Limitations on the maximum height of the Residence, and all related Improvements, from the pad elevation shall be set forth on the Exhibits. Nothing herein shall preclude the Architectural Control Committee or the Board, in the event of an appeals from imposing a greater setback area or a more restrictive height limit for a particular Lot than is provided on the Exhibit for such Lot in the Architectural Standards.
- d) Driveways. The driveway serving each Residence shall be constructed and completed concurrently with the construction of the Residence. Driveways shall be constructed of such material as may be approved by the Architectural Control Committee, in its reasonable discretion. The driveway shall be of sufficient size and configuration as to permit the parking of at least the same number of automobile-sized vehicles as the garage, without any such vehicle extending into any street or sidewalk.
- e) All sidewalks shall be constructed in such location and manner as shall be required by the Public Agencies and in accordance with standards established by the Architectural Standards.
- f) Minimum Setback Requirements and Height Limitations. The minimum setback requirements and height limitations for any Residence, garage or other outbuilding, or any fence, wall or other structure to be constructed on any Lot in the Project shall be the more restrictive of: (1)/the minimum setback and height limitation prescribed by the Public Agencies; or (2) the minimum setback and height limitation established by the Building Envelope, as may be amended, from time to time, by the Board.
- g) Interim Landscaping," In the event that construction of a Residence by an Owner is not commenced within twelve (12) months of the close of escrow for the purchase and sale of a Lot, the Owner of such Lot shall plan, install and maintain interim landscaping in accordance with the landscape palette for such Lot as more fully described in the Architectural Standards.
- h) Permanent Landscaping. Within three (3) months following the completion of construction of the Residence and issuance of a Certificate of Occupancy, or other similar document, the first purchaser of such Lot (or any successor thereto) shall, at the Owner's own cost and expense,

cause its front yard and, in the case of a side yard or rear yard located adjacent to any street, greenbelt or Common Area owned by the Association, such side yard and/or rear yard, to be fully landscaped in accordance with plans and specifications approved by the Architectural Control Committee. All landscape plans and specifications submitted to the Architectural Control Committee shall be in conformity with the Architectural Standards. Soil and climate conditions may not be favorable to all types of plants. Each Owner shall be responsible for testing and investigating the soil condition and shall install such landscaping materials which are appropriate to the soil and climatic conditions, which materials shall be reviewed and approved by the Architectural Control Committee. Each Owner shall be responsible for the installation, operation, maintenance and repair of an automatic irrigation system controlled by a timing mechanism for all planted areas within the Lot, which mechanism shall be kept in good operating condition at all times. Each Owner shall maintain his landscaping in a neat, clean, safe, sanitary, healthy and attractive condition at all times, and shall bear all costs thereof. In the event that any Owner shall fail to install and maintain landscaping in conformance with the Architectural Standards, or shall allow his landscaping to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the Board, after notice and Hearing, may enter such Owner's property for the purpose of remedying the condition, and such Owner shall promptly reimburse the Association for the cost thereof. Such cost may be levied by the Board as a Compliance Assessment.

- i) Air Conditioners; Mechanical Equipment./ No "through-the-wall" or "window" style air conditioning unit shall be installed in any structure. All air conditioning compressors, condensers and other air conditioning equipment shall be located within the Residence or at ground level along side or behind the structure being serviced by such unit, concealed within such screen or other structure as may be deemed appropriate by the Architectural Control Committee, in order to totally obscure such unit from the view of other persons in the Project. The Architectural Control Committee shall have the right to approve or disapprove the size, shape, style, noise level and location of any air conditioning equipment within the Project.

- j) Solar Energy Systems. No solar heating panels or other solar energy collection equipment shall be installed on any portion of any Lot, or any Improvement thereon, unless such equipment is installed in such location and in such manner as to be obscured from the view of other persons in the Project to the greatest degree practicable without significantly decreasing its efficiency. No person shall install any such panels or equipment without the prior written consent of the Architectural Control Committee, which shall have the right to reasonably restrict and determine the size, shape, color, style, materials or location of any such panels or equipment within the Project, subject to the provisions of California Civil Code, Section 714.

- k) Antennas. No Owner shall install, or cause to be installed, any television antenna, satellite dish, radio antenna, "Citizens Band" (C.B.) antenna or other similar electronic receiving or broadcasting device on the exterior of any Residence or elsewhere within a Lot, or upon the Common Area. However, a master antenna or cable television antenna may be provided by

Declarant for the use and benefit of all subscribing Owners, and Declarant shall grant such easements as may be necessary.

- l) Grading and Slope Maintenance. Rough grading of the Lots will have been completed by Declarant prior to the sale of the Lots. Final grading and slope maintenance by the Owners of each Lot shall be subject to the Architectural Standards. Each Owner shall obtain all permits for grading as are required by the Public Agencies prior to commencement of any grading activities.
- m) Party Walls; Drainage Considerations. Subject to the provisions herein pertaining to "cross-lot" drainage established in the conditions of approval for the Project by the City, all party walls shall be designed and constructed in such manner as to mitigate and direct the flow of surface waters away from such party walls in order to preserve/the structural integrity and stability thereof. Each Owner shall have a temporary easement for access on, over and across adjoining Lots in order to take such protective measures as might be reasonably necessary to preserve and maintain the party walls. Neither the Architectural Control Committee nor the Owner who causes the party wall to be constructed shall assume any liability for erosion or other damage proximately caused to any adjoining Lot(s) by construction and maintenance of the party walls, provided that such party walls are constructed in accordance with plans approved by the Architectural Control Committee.
- n) Exterior Lighting Facilities. All exterior lighting facilities, including, without limitation, lighting for tennis courts and sport courts• must be approved in writing by the Architectural Control Committee, and shall be designed and installed so as to mitigate, to the fullest extent possible, any offensive glare to the other Lots or other property within the Project.
- o) Pools, Spas and Related Improvements. No Owner shall commence construction and installation of a pool or spa, and any related Improvements, without first submitting to the Architectural Control Committee plans and specifications which follow the general guidelines set forth in the Architectural Standards.
- p) Tennis and Sport Courts. Certain Lots are of sufficient size and dimension to accommodate a tennis court, 1 sport court or other hand-surface facility. Construction of such a court might require a variance from the City, in accordance with its municipal codes and ordinances. In such event, the Architectural Control Committee shall require written evidence of such a variance prior to approval of a court. Nothing herein shall be construed as a warranty or guarantee that an Owner whose Lot has been designated herein as a potential "tennis court lot" shall obtain approval to construct such a court, nor shall such Owner be assured of the orientation of the court upon the Lot or the dimensions which may be approved by the City and Architectural Control Committee for the court. Plans and specifications for all tennis courts and sport courts shall be submitted for review by the Architectural Control Committee, and shall be prepared in strict compliance with the provisions of this Declaration and the Architectural Standards.

Section 6. Variance.

The Architectural Control Committee may, but is not required to, authorize variances from compliance with any of the provisions of the Architectural Standards when circumstances may reasonably require. Such variances must be evidenced in writing, must be signed by a majority of the members of the Architectural Control Committee. If any such variance is granted, no violation of the Covenants contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose, except as to the particular Lot covered by the variance, nor shall it in any way affect the Owner's obligation to comply with all governmental laws and regulations affecting its use of the Lot, including, without limitation, zoning ordinances, setback lines or other requirements imposed by any governmental or regulatory authority.

Section 7. Performance of Work.

Any work of Improvement approved pursuant to Section 5 hereinabove shall be performed in accordance with the following provisions

- (a) Bonds or Security Deposits. The Architectural Control Committee may require that an Owner post a bond, cash security deposit or irrevocable letter of credit in a form satisfactory to the Architectural Control Committee, in an amount not less than Five Thousand Dollars (\$5,000.00), in favor of the Association, as a condition to approving any proposed work of Improvement. No person shall commence any work of Improvement until any and all such bonds, security deposits and letters of credit have been properly posted with the Architectural Control Committee. The proceeds of such bonds, security deposits and letters of credit shall be used by the Board as deemed reasonably necessary by the Board to remedy any breach or default by an Owner of any Covenant contained in this Article, including, without limitation, any failure by such Owner to:
- (1) Repair any damage to any real or personal property within the Project, including, without limitation, the Common Area and all appurtenant Improvements, caused by the work of Improvements
 - (2) remove any lumber, materials or debris within a reasonable period following completion of the work of Improvement;
 - (3) Construct or install the work of Improvement in accordance with the plans and specifications approved by the Architectural Control Committees or
 - (4) Complete the work of Improvement in accordance with the provisions of Subparagraph (c) below.

In no way shall the above-referenced security limit an Owner's liability in the event that damage or destruction by such Owner exceeds the amount of the security.

- (b) Liability Insurance. The Architectural Control Committee shall require that an Owner procure a comprehensive liability insurance

policy, naming the Association and the Declarant, and its respective officers, directors, owners and agents, as additional insured. The limits of the insurance policy shall not be less than One Million Dollars (\$1,000,000.00) covering all claims for personal injury and property damage arising out of a single occurrence. Evidence of liability insurance coverage may be made an express condition precedent to the final approval from the Architectural Control Committee to construct the Residence and related Improvements. The insurance coverage shall remain in full force and effect at all times.

- (c) Commencement and Completion. The Owner shall commence work on any proposed Improvement within one hundred twenty (120) days following approval of the final plans and specifications by the Architectural Control Committee and the Public Agencies, or such approval shall be deemed revoked. The Owner shall diligently prosecute the work to completion, shall complete such Improvement in a reasonably prompt manner and, in any case, shall complete such Improvement within eighteen (18) months following the date of commencement of works of Improvement, or such other date as may be specified by the Architectural Control Committee in its approval.
- (d) Performance of Work. Except in the case of a bonafide emergency, all work shall be performed during reasonable daylight hours, in accordance with the Architectural Standards. Any variances shall require the prior approval of the Architectural Control Committee. All persons performing such work shall use their best efforts to minimize the duration of the work and the inconvenience to other Owners in the Project. All work shall be performed in a neat and orderly manner, and all reasonable safety precautions shall be taken during the performance of such work.
- (e) Indemnification. Notwithstanding the security required in Section 7(a) above and the insurance requirements set forth in Section 7(b) above, the Owner of any Lot upon which any work of improvement is being performed shall indemnify, defend and hold harmless the Declarant, the Association, the Board, the Architectural Control Committee and every other Owner in the Project from and against any and all liability arising out of or otherwise resulting from any negligent or intentional act or omission relating to the performance of such work.

Section 8. Inspection of Work.

The inspection of any work of Improvement performed pursuant to this Article shall be performed in accordance with the provisions set forth in Article IX, Section 15 entitled "Inspection of Work," of the Declaration.

Section 9. Ratification of Article IX of the Declaration.

Except as otherwise specifically set forth in this Article, the terms and provisions set forth in Article IX of the Declaration are hereby ratified and confirmed by Declarant.

ARTICLE III GENERAL PROVISIONS

Section 1. Incorporation by Reference.

The terms and provisions set forth in Article XVIII of the Declaration are incorporated herein by this reference as though set forth in full.

Section 2. Amendments by Declarant.

At any time prior to the sale of a Lot which is made subject to the terms and provisions of this Supplemental Declaration, this Supplemental Declaration may be amended, restated or terminated by an instrument executed by Declarant and recorded in the Official Records of Los Angeles County, California.

Section 3. Declaration and Supplemental Declaration Construed Together.

All of the terms and provisions of this Supplemental Declaration shall be liberally construed together with the Declaration and the Notice of Annexation to promote and effectuate a general plan for the development, occupation, use and enjoyment of all real property which is then subject to the terms and provisions of this Supplemental Declaration. Notwithstanding the foregoing, each of the terms and provisions of this Supplemental Declaration shall be deemed to be independent and severable, and the invalidity or partial invalidity of any term or provision hereof shall not effect the validity or enforce-ability of any other provision hereof.

Section 4. Captions.

All captions or titles used in this Supplemental Declaration are intended solely for the convenience of reference, and shall not affect 'that which is set forth in any of the terms or provisions hereof.

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration on the day and year first above written.

ESTABLISHMENT OF A SYSTEM OF FINES AND PENALTIES AS COMPLIANCE ASSESSMENTS

The Board of Directors of the California Chateau Homeowners Association elects to establish a system of fines and penalties as Compliance Assessments to enforce the Declaration of Covenants, Conditions and Restrictions under the following authority:

ARTICLE V, SECTION I Association Rules and Regulations

"The Board shall also have the power to adopt, amend and repeal Rules and Regulations as it deems reasonable, which may include the establishment of a system of fines and penalties enforceable as Compliance Assessments"

ARTICLE V, SECTION 2, PARAGRAPH (a)

The Board has the right and specific power to enforce the provisions of the Declarations of CC&Rs

ARTICLE VI, SECTION I Assessments

"each Owner of any Lot, by acceptance of such deed, is deemed to covenant and-agrees to pay to the Association: (c) Compliance Assessments, including, but not limited to, costs incurred by the Association in bringing such Owner and his

Lot into compliance with this Declaration. (d) Each Compliance Assessment levied against an Owner, together with interest costs and reasonable attorney's fee for the collection thereof, shall be the personal obligation of the Owner of the property at the time of the 'Assessment.'

ARTICLE VII, SECTION I

Effect of Nonpayment of Assessment: Remedies of the Association

Any installment of Compliance Assessment not paid within fifteen (15) days after the due date shall be deemed delinquent, shall be subject to reasonable cost of collection, including reasonable attorney fees, and a reasonable late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (10.00), whichever in greater or as may, from time to time, be established by the Board in accordance with California law, and interest on all sums imposed under this Section at twelve percent (12%) commencing thirty (30) days after the Assessment was due. The Board, for and on behalf of the Association may commence legal action against the Owner personally obligated to pay the same."