

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND
RESERVATION OF EASEMENTS FOR CALIFORNIA CHATEAU**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATION OF EASEMENTS is made this 10th day of December 1988' by KAUFMAN & BROAD OF SOUTHERN CALIFORNIA, INC., a California corporation (hereinafter referred to as the "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 85 through 90, inclusive, Lots 97 through 99, inclusive, Lots 113 Through 124, inclusive, and Common Area Lot 125. of Tract 43810, as shown on a Nap recorded in Book 1120, Pages 25 to 37, inclusive, in the Office of the County Recorder of Los Angeles County, California ("Phase I"), and that certain real property described in Exhibit "A" to this Declaration ("Annexation Property") which may, from time to time, be annexed to and become a part of the Project (as hereinafter defined), in accordance with the Article herein entitled "Annexation of Additional Property."

B. Declarant desires to develop Phase I and those portions of the Annexation Property which are made subject to this Declaration as a common interest development, more particularly described in Section 1351(k) of the California Civil Code as a planned development, consisting of single family detached homes, together with landscaped areas and other improvements, as more fully described below. The development of the Project shall be consistent with the overall plan of development submitted to and approved by the Veterans Administration ("VA") and the Federal Housing Administration ("FHA").

C. Declarant deems it desirable to impose a general plan for the development, maintenance, improvement, protection, use, occupancy and enjoyment of the Project, and to establish, adopt and impose covenants, conditions and restrictions upon the Project for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Project.

D. Declarant deems it desirable for the efficient enforcement, protection and preservation of the value, desirability and attractiveness of the Project to create a corporation which shall be delegated and assigned the powers of maintaining Common Area within the Project, as hereinafter provided, administering and enforcing these covenants, conditions and restrictions, and collecting and disbursing funds pursuant to the assessments and charges hereinafter created and referred to as the "covenants" upon the project. 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, all subsequent owners of all or any portion of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns.

E. CALIFORNIA CHATEAU COMMUNITY ASSOCIATION, a California nonprofit, mutual benefit corporation, has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers.

F. Declarant intends to convey Phase I, and any and all subsequent Phases of the Annexation Property which may be annexed to the Project, subject to the covenants, conditions and restrictions set forth herein below.

NOW, THEREFORE, Declarant agrees and declares that it has established, and does hereby establish, a plan for the development, maintenance, protection, improvement, use, occupancy and enjoyment of the Project, and has fixed, and does hereby fix, the covenants, conditions, restrictions, easements, equitable servitudes,, reservations, liens and charges hereinafter collectively referred to as the "Covenants" upon the Project. 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, all subsequent owners of all or any portion of the Project, together with their grantees successors, heirs, executors, administrators, devisees and assigns.

Section 1. "Annexation Property" shall mean and refer to all of that certain real property located in the City of Palmdale, County of Los Angeles, State of California, more particularly described on Exhibit "A" to this Declaration, and to all Improvements constructed thereon, all or any part of which may be annexed to the Project as set forth in that Article herein entitled "Annexation of Additional Property."

Section 2. "Architectural Control Committee" shall mean and refer to the architectural committee created pursuant to the Article herein entitled "Architectural and Landscaping Control."

Section 3. "Architectural Standards" shall mean and refer to those certain guidelines, rules and procedures for the submittal of documents to the Architectural Control Committee, as may be adopted, from time to time, pursuant to the Article herein. entitled "Architectural and Landscaping Control."

Section 4. "Articles" shall mean and refer to the Articles of Incorporation of California Chateau Community association, as filed in the Office of the Secretary of State of the State of California, as such Articles may be amended, from time to time.

Section 5. "Assessments" shall be used as a generic term, which shall mean and refer to the following:

- (a) "Regular Assessment" shall mean and refer to the charge against each Owner and his respective Lot representing a portion of the Common Expenses of the Association;
- (b) "Compliance Assessment" shall mean to the charge against an Owner representing the costs incurred by the Association in the repair of any damage to the common Area for which such owner was responsible, the cost incurred by the Association in bringing such Owner and his Lot into compliance with this declaration, or any amount due the association based upon disciplinary proceedings against an Owner in accordance with this Declaration; and ;
- (c) "Special Assessment" shall mean and refer to the charge against an Owner and his respective Lot representing a portion of the cost of reconstructing any damaged or destroyed portion or portions of the Common Area of constructing or installing any capital improvements to the Common Area or of taking any extraordinary action for the benefit of the Common Area or the membership of the Association pursuant to the provisions of this Declaration.

Section 6. "Association" shall mean and refer to California Chateau Community Association, a California nonprofit, mutual benefit corporation, in which all Owners shall have a membership interest as more particularly described herein below, provided that membership shall be limited to Owners.

Section 7. "Board" shall mean and refer to the Board of Directors of the Association, elected in accordance with the By-Laws of the Association and this Declaration.

Section 8. "BY-Laws" shall mean and refer to the By-Laws of the Association, which have been, or will be adopted by the Board, as such By-Laws may be amended, from time to time.

Section 9. "City" shall mean and refer to the City of Palmdale, California.

Section 10. "Common Area" shall mean and refer collectively to the following:

- (a) All real and personal property, and Improvements located thereon, which are owned at any time by the Association; and
- (b) All real property, and Improvements located thereon, over which the Association has an easement for the use, care, maintenance and enjoyment of Owners. The Common Area, generally described herein shall include all private streets, streetscape plantings and landscape plantings (slopes, berms, parkways, etc.) and the controlled access gate equipment as designated on Exhibit "B" to this Declaration, or as described in the Notices of Annexation covering subsequent Phases of the Project, recorded, from time to time, pursuant to the Article herein entitled "Annexation of Additional Property." Detailed specifications of all Common Area now or hereafter subject to the jurisdiction of the Association shall be on file in the principal office of the Association.

Section 11. "Common Expenses" shall mean and refer to the actual and estimated costs to be paid by the Association for the following:

- (a) owning, maintaining, managing, operating, painting, repairing and replacing the Common Area;
- (b) managing and administering the Association, including, but not limited to, compensation paid by the Association to managers, accountants, Attorneys and any Association employees;
- (c) providing utilities and other services to the Common Area;
- (d) providing insurance as provided for herein;
- (e) paying that portion of any Assessment Attributable to Common Expenses not paid by the Owner responsible for payment;
- (f) paying taxes for the Association; and
- (g) paying for all other goods and services designated by, or in accordance with other expenses incurred by the Association for the benefit of all Owners, and reasonably required for the Association to perform its powers and duties as set forth in this Declaration.

Additionally, the Common Expenses shall include adequate reserves, as the Board shall determine to be appropriate, for the repair and replacement of those elements of the Common Area, which must be repaired or replaced on a periodic basis rather than a regular annual basis.

Section 12. "Declarant" shall mean and refer to Kaufman a Broad of Southern California, Inc., a California corporation, and to any person or entity acquiring all of Declarant's interest in the Project (including all of Declarant's rights and obligations as created and established herein) pursuant to a written assignment from Declarant, which is recorded in the Office of the County Recorder for Los Angeles County.

Section 13. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements, and to all amendments to this Declaration as may be recorded, from time to time, in the Office of the County Recorder for Los Angeles County.

Section 14. "DRE" shall mean and refer to the Department of Real Estate of the State of California, which administers the sale of subdivided lands pursuant to Sections 11000, et seq., of the California Business and Professions Code, or any similar California statute hereinafter enacted.

Section 15. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind, including, but not limited to, Residences, buildings, walkways, awnings, shades, screens, screen doors, skylights, room additions, garages, open parking areas, pavement, private driveways, fences, side yard and rear yard fences, retaining walls, patios and patio covers, irrigation equipment and all related facilities, exterior air conditioning units, streetscapes, antennas and related facilities, exterior lighting, water softening equipment, hedges, trees and other landscaping.

Section 16. "Lot" shall mean and refer to a plot of land as shown upon the recorded subdivision map of the Project, and to all Improvements, including the Residence, constructed thereon. Only those plots of land, which are designed and intended for the construction of a Residence and ownership by an individual Owner, shall be deemed "Lots." "Lot" shall not mean or refer to any plot of land, if any, owned by the Association as Common Area.

Section 17. "Member" shall mean and refer to every person or entity who holds membership in the Association, as more particularly set forth in the Article herein entitled "The Association," and shall be synonymous with the term "Owner."

Section 18. "Mortgage" shall mean and include a duly recorded deed of trust, as well as a mortgage in the conventional sense encumbering a Lot.

Section 19. "Mortgagee" shall mean and refer to a person or entity to whom a Mortgage is made, and shall include the beneficiary of a deed of trust.

Section 20. "Mortgagor" shall mean and refer to a person or entity who mortgages his or its property to another i.e., the maker of a mortgage, and shall include the trustor of a deed of trust.

Section 21. "Notice and Hearing" shall mean and refer to written notice and a hearing before the Board or the Architectural Control Committee of the Association, at which the affected Owner shall have an opportunity to be heard in the manner provided herein and in the By-Laws.

Section 22. "Notice of Annexation" shall mean and refer to those certain declarations of restrictions annexing one (1) or more Phases of the Annexation Property or Common Area to the Project, in accordance with the provisions of the Article herein entitled "Annexation of Additional Property," thereby subjecting such Phase(s) or Common Area to the terms and provisions of this Declaration, and bringing such Phase(s) or Common Area within the jurisdiction of the Association.

Section 23. "Owner" shall mean and refer to the record Owner, or Owners if more than one (1), or the purchaser under a conditional sales contract of fee title to, or an undivided interest in, any Lot in the Project. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

Section 24. "Phase" shall mean and refer to: (a) Phase I, and (b) one (1) or more Lots and Common Area, if any, within the Annexation Property which are simultaneously annexed to the Project by the recordation of a Notice of Annexation in the Office of the County Recorder of Los Angeles County, and for which a Final Subdivision Public Report has been issued by the DRE.

Section 25. "Phase I" shall mean and refer to that certain real property described in Paragraph A of the recitals to this Declaration.

Section 26. "Project" shall mean and refer to Phase I, and to all Improvements, including the Residences, constructed thereon, the Common Area and to all portions of the Annexation Property which have become subject to this Declaration.

Section 27. "Residence" shall mean and refer to the individual dwelling and the related Improvements which are constructed upon a separate Lot and which are designed and intended for use and occupancy as a single family residence.

Section 28. "Rules and regulations" shall mean and refer to the Rules and regulations adopted by the Board pursuant to the By-Laws and this Declaration, as they may be amended, from time to time.

Section 29. "VA/FHA" shall mean and refer to the United States Veterans Administration and the Federal Housing Administration.

Section 30. Application of Definitions. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments hereto, filed or recorded pursuant to the provisions of this Declaration, unless the context shall prohibit such application.

ARTICLE II

INTRODUCTION TO CALIFORNIA CHATEAU

Section 1. Plan of Development for California

Chateau. California Chateau is anticipated to be a five (5) Phase planned development, which, if completed as proposed, will consist of one hundred twenty-three (123) Residences, each constructed upon its own respective Lot, and Common Area, as described below.

As presently planned, Phase I of the Project will consist of twenty-two (22) Lots improved with Residences and Common Area as described in Exhibit "B" attached hereto and incorporated herein by this reference. The future Phases shall, if developed as proposed, be annexed to the Project in accordance with the applicable provisions of the Article in this Declaration entitled "Annexation of Additional Property," and in conformity with the general plan of development reviewed and approved by the VA/FHA. Said annexation shall serve to impose the Covenants set forth in this Declaration upon said Phases, and subject said Phases to the jurisdiction of the Association. The voting rights in the Association and the obligations of Owners, including Declarant, for the payment of Assessments levied by the Association shall be adjusted as set forth in the Notice of Annexation. There is no assurance, however, that the subsequent Phases of the Project will be developed as presently planned, and Declarant is and shall be under no duty or obligation whatsoever to complete such Phases. The Association will maintain all Common Area as annexed to the project and will be the management body for the Project. All Owners, their contract purchasers, tenants, lessees, family members and invitees will be entitled to the use and enjoyment of the Common Area in accordance with the terms and provisions of this Declaration.

Section 2. Ownership Interests.

Each Owner will receive fee simple title to a lot, including the Residence and other improvements thereon, together with a nonexclusive easement appurtenant to this lot over all common Areas in the Project.

Section 3. Membership in the Association.

As more fully set forth in this Declaration, each Owner of a Lot in the Project shall automatically become a Member of the Association, and shall be obligated for the payment of Assessments to the Association. In addition, each Owner, his family members, tenants and invitees will be entitled to the use and enjoyment of the Common Area of the Project, and that Common Area annexed to the Project pursuant to the provisions of this Declaration. The Association shall be responsible for the ownership, maintenance and operation of the Common Area of California Chateau.

Section 4. Declarant's Control of Development.

In order that the Project be completed and established as a planned residential community, Declarant shall have sole discretion and control over all aspects of designing and construction the Residences and all other Improvements, in conformance with the plans and specifications approved by the VA/FHA, and over the conveyancing selling, leasing or marketing of Lots in the Project. Further, Declarant shall have, subject to a concomitant obligation to restore, an easement of ingress and egress on, over and across the Project as necessary to construct the Residences and related Improvements, but only if access is not otherwise reasonably available. Declarant shall further have reasonable rights to maintain a sales office, model complex and reasonable signs on any portion of the Project owned or controlled by Declarant for a period of five (5) years from the conveyance of the first Lot in the Phase I to a bona fide purchaser, at until all Lots in the last Phase of the Project are sold (and escrows closed), whichever occurs later, in order to market the sale, lease or other conveyance of Residence in the Project.

Section 5. Non-Liability of Declarant.

Nothing in this Article or elsewhere in this Declaration shall be understood or construed to compel Declarant to develop and construct any subsequent Phases of the Project. The purpose of this Article is merely to describe the proposed general plan of development for the Project, and to describe the legal relationship between Phase I and subsequent Phases which are annexed to the Project without limiting the generality of the foregoing, nothing in this Section at elsewhere in this Declaration shall limit the right of Declarant to complete construction of the Project, to alter same or to construct such additional improvements as Declarant shall deem advisable prior to the completion and sale of all Lots in the Project. Declarant may assign any or all of its rights under this Declaration to any successor to all or any part of Declarant's interest in the Project by an express written assignment recorded in the Office of the County Recorder of Los Angeles County.

ARTICLE III

RESERVATION OF EASEMENTS AND OTHER PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Owners' Easements.

Every Owner shall have nonexclusive right and easement of access, use and enjoyment in and to the Common Area. Said right and easement shall be appurtenant to and shall pass with title to every Lot, subject to the limitations set forth in Section 2 below.

Section 2. Limitations on Owners' Easement Rights.

The rights and easements of access, use and enjoyment set forth in Section 1 hereinabove shall be subject to the provisions of this Declaration, including, but not limited to, the following:

- (a) The right of the Association to reasonably limit the number of guests of Owners;
- (b) The right of the Association to establish and enforce reasonable Rules and Regulations pertaining to the use of the Common Area;
- (c) The right of the Association, in accordance with its Articles, By-Laws and this Declaration, to borrow money with the assent of sixty-seven percent (67%) of the voting power of the Association, and/or to mortgage, pledge, deed in trust or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, for the purpose of improving or repairing the Common Area and related facilities. Any such action by the Association shall require the prior written consent of the City Planning Department.
- (d) The right of the Association to suspend the voting rights and rights and easements of use and enjoyment of the Common Area of any Member and the persons deriving such rights and easements from any Member, for any period during which any Assessment against such Member's Lot remains unpaid and delinquent; and, after Notice and Hearing, to impose monetary penalties or suspend such use rights and easements for a period not to exceed thirty (30) days for any noncontinuing violation of this Declaration or Rules and Regulations, it being understood that any suspension for either nonpayment of any Assessments or breach of such restrictions shall not constitute a waiver or discharge of the Member's obligations to pay Assessments as provided herein;

(e) Subject to the terms and provisions of the Article herein entitled "Mortgagee Protection," 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 Owners. Except as specifically provided herein below, no such dedication or transfer shall be effective unless:

- (1) an instrument approving said dedication or transfer is signed by Owners representing sixty-seven percent (67%) of the voting power of the Association and recorded in the Office of the County Recorder for Los Angeles County, and
- (2) a written notice of the proposed dedication or transfer is sent to every Owner not less than fifteen (15) days nor more than thirty (30) days in advance; provided, however, so long as Declarant is the owner of one (1) or more Lots in the Project or in the Annexation Property, such dedication or transfer of easements for utilities, or for other public purposes consistent with the intended use of the Common Area, to the City, or other municipal entity designated by the City, shall not require the prior approval of the Members of the Association. Any such action by the Association shall require the prior written consent of the City Planning Department;

(f) Subject to the limitations set forth in Article III, Section 3, herein, the right of Declarant (and their sales agents, representatives and customers) to the nonexclusive use of the Common Area, and the facilities located thereon, without charge for sales, display, access and exhibit purposes, which rights Declarant hereby reserves. Such use shall not unreasonably interfere with the rights of enjoyment of other Owners as provided herein;

(g) The right of the Association to perform and exercise its duties and powers as set forth herein;

(h) The right of the Association to reasonably restrict access to the common area, when necessary;

(i) The right of the Association, acting by and through its Architectural control committee, to create uniform and reasonable Architectural Standards, in accordance with the Article herein entitled "Architectural and Landscaping control";

(j) Other rights of the Association, the Architectural Control committee, the board, the Owners and Declarant with respect to the Common Area as may be provided for in this Declaration;

(k) The right of Declarant, and its sales agents, representatives and prospective purchasers, to the nonexclusive use of the Common Area, and any Improvements thereon, in order to show, market, sell or otherwise dispose of the lots in the project and the annexation Property, as provided herein, until the close of escrow for the sale of the last lot in the project and Annexation Property; provided that such use shall not unreasonably interfere with the owners rights of enjoyment of the common area, as provided herein;

(l) The right of Declarant to grant and transfer easements on, over and across the Project and the Annexation Property for the development, installation, construction and maintenance of electric,

telephone, cable television, water, gas, sanitary sewer lines and drainage facilities, as shown on any recorded subdivision map covering the Project and Annexation Property, and as may be reasonably necessary for the proper development and conveyance of Lots and Common Area; and

(m) Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of the common Area imposed by Declarant or by the city, or other governmental agency having jurisdiction to impose any such limitations, restrictions or conditions, including, but not limited to, the rights of the city or such other governmental agency having jurisdiction to use their vehicles or appropriate equipment over those portions of the common area designed for vehicular movement to perform municipal functions or emergency or essential public services.

Section 3. Delegation of Common Area Use rights.

Any owner who resides within the Project may delegate, in accordance with the By-Laws, his rights of use and enjoy to the common area to the members of his immediate family and any other persons residing within his Residence. In the event an Owner has rented or leased his Residence, his rights of use and enjoyment to the Common Area shall be automatically delegated to his tenants or lessees for the duration of their tenancy, and the Owner shall forfeit any rights of use and enjoyment to the Common Area for the duration of such tenancy. In the event of a conditional sales contract, the seller under the contract shall be deemed to delegate his rights of use and enjoyment to the Common Area to the purchaser under the contract.

Section 4. Easements for Public Services.

In addition to the foregoing easements over the Common Area, there shall be easements for public services, including, but not limited to, the right of police, fire, ambulance and other public services to enter upon any part of the common Area for purposes of serving the health and welfare of all Owners in the Project.

Section 5. Easements for Unintentional Encroachments.

In the event an Improvement to a Lot is constructed, reconstructed or altered, in accordance with the terms and provisions of this Declaration, and encroaches upon an adjacent Lot by not more than six inches (6") due to unwillful placement, settling or shifting of the improvement, there shall be an easement appurtenant to such Lot on and over such adjacent Lot for purposes of the encroachment.

Section 6. Easements for Utilities.

The rights and duties of the Owners of Lots within the Project with respect to sanitary sewer water, electricity, gas, television cable (or CATV service) and telephone lines, and other facilities shall be governed by the following:

(a) Each respective utility company shall maintain all utility facilities and connections on the Project owned by such utility company; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those facilities and connections located upon such Owner's Lot and it shall be the obligation of the Association to maintain those facilities and connections located upon the Common Area.

(b) Wherever sanitary sewer, water or gas connections, television cables electricity or telephone lines are installed within the Project and it becomes necessary to gain access to said connections, cables and/or lines through a Lot owned by someone other than the Owner of the Lot served by said connections, cables and/or lines, the Owner of the Lot served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full extent necessary therefore, to enter upon such other Lot or to have the utility companies enter upon such other Lot to repair, replace and generally maintain said connections, cables and/or lines.

(c) Whenever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project., and said connections, cables and/or lines serve more than one (1) Lot, the Owner of each Lot served by said connections, cables and/or lines shall be entitled to the full use and enjoyment of such portions of same as service his Lot.

(d) In the event of a dispute between Owners respecting the repair or rebuilding of the aforesaid connections, cables and/or lines, or the sharing of the cost thereof, upon written request of one (1) of such Owners addressed to the Association, the matter shall be submitted to the Board who shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners.

(e) Easements over the Project for the installation and maintenance of electric and telephone lines, water gas, drainage and sanitary sewer connections and facilities, and television antenna cables and facilities, all as shown on the recorded map of the Prospect and as may be hereafter required or needed to service the Project, are hereby reserved by Declarant, together with the right to grant and transfer the same.

(f) Each Lot is granted to an Owner subject to easements for utility installation and maintenance, storm drains and other purposes, as shown on the recorded subdivision map(s) of the Project. Within these easements, no Structure, landscaping or other material shall be placed or permitted to remain which may interfere with installation and maintenance of such facilities, or which may cause the damage or destruction thereof.

Section 7. Easements for Maintenance of the Common Area.

In the event it becomes necessary for the Association to enter upon any Lot for purposes of: (a) maintaining the Common Area; or (b) bringing an Owner and/or his Lot into compliance with this Declaration, in accordance with the provisions set forth herein, the Association, and its duly authorized agents and employees, shall have the right, after reasonable notice to the Owner and at a reasonable hour of the day, to enter upon such Owner's Lot for the performance of such work Such entry shall be made with as little inconvenience to the Owner as is practicable and in the event that any damage shall be proximately caused by such entry, the Association shall repair the same at its expense. Notwithstanding the foregoing, in the event of an emergency, such right of entry shall be immediate.

Section 8. Easements for Clustered Mailboxes.

In order to comply with the various requirements of the City and the United States Postal Services kiosk mailboxes may be installed on certain Lots within the Project. Easements are hereby created on and over the affected Lots in favor of all Owners and the United States Postal Service for delivery and deposit of mail.

Section 9. General Easements for Drainage.

Subject to the reservation of access in favor of the Association, for maintenance of the Common Area, there are hereby created and reserved over each Lot in the Project easements for drainage according to the patterns for drainage created by the grading plans for the Project approved by the City, and as shown on the recorded Tract Map for the Project, as well as according to the actual, natural and existing patterns for drainage. Each Owner covenants and agrees that he shall not obstruct or otherwise interfere with said drainage patterns of waters from adjacent Lots in the Project over his Lot or in the alternative, that in the event it is necessary and essential to alter said drainage pattern for the protection and use of his Lot, he will make adequate provisions for proper drainage, and submit alternative plans and specifications therefore to the Architectural Control Committee for review and approval.

Section 10. Easements for Vehicular and Pedestrian Traffic.

In addition to the general right and easements for access, use and enjoyment granted herein, there shall be, and Declarant hereby covenants for itself, and its successors and assigns, that each and every Owner shall have a nonexclusive easement appurtenant to his Lot for vehicular traffic over any private drives and sidewalks within the Project. Declarant reserves the right to grant similar easements to Owners of real property in the Annexation Property

Section 11. Easements for Construction and Sales.

Declarant hereby reserves, for a period of five (5) years from the recordation of this Declaration or until all Lots in the Project are sold (and escrows closed), whichever occurs first, nonexclusive easements for access, ingress and egress on and over the Project to carry on normal sales activity, including the operation of a models complex and sales office, and the display of promotions signs and exhibits in connection with the sale or lease of Lots in the Project.

Section 12. Easement in Favor of Los Angeles County Waterworks District No. 4.

There is hereby reserved, in favor of the Los Angeles Waterworks District No. 4, a nonexclusive easement on, over and across Common Area Lots 16 and 125 for the construction, maintenance, operation, replacement and repair of water pipelines and appurtenant structures, together with the right to enter upon the Common Area as necessary to deposit tools, implements and other materials by said District, its officers, employees and authorized representatives whenever and wherever necessary for the purposes set forth herein and in the recorded Tract Map.

Section 13. Reservation of Common Area Easements.

Declarant hereby reserves the right to grant nonexclusive easements over the Common Area in favor of Owners of any Annexation Property which is annexed to the Project pursuant to this Declaration, and upon the first close of escrow for the sale of a Lot in the Annexation Property, the Owners of the Lots described in this Declaration shall automatically obtain nonexclusive easements over all common Area which is a part of said Annexation Property.

Section 14. Reservation of Easement

Reservation of Easement in Favor of Declarant. Declarant hereby expressly reserves for itself, for the benefit of its agents, employees and contractors, and for the benefit of its successors and assigns, a nonexclusive easement appurtenant to the Annexation Property on, over and across the Common area for access, ingress, egress, use and enjoyment in order to develop, market, sell, lease or otherwise dispose of the Project, or any portion of the Annexation Property.

Section 15. Title to the Common Area.

(a) Transfer of Title to Common Area.

Declarant hereby covenants, for itself, its successors and assigns, that it will convey to the Association fee simple title to, or a nonexclusive easement in, the Common Area, free and clear of all liens and encumbrances, subject to the Covenants set forth in this Declaration or which are of record at the time of the conveyance. Declarant will similarly convey to the Association, from time to time, in fee simple or by easement, any Common Area located in the Annexation Property, which is designated in this Declaration or in any Notice of Annexation for conveyance to the Association.

(b) Completion of Common Area.

In the event that Improvements proposed to be constructed on any portion of the Common Area so annexed to the Project have not been completed, as evidenced by a "Notice of Completion" recorded in the Official Records of Los Angeles County, then the completion of such Improvements shall be assured in accordance with Section 11018.5 of the California Business and Professions Code, or any similar statute hereafter enacted.

(c) Commencement of Association Responsibilities.

The Association's responsibility to maintain the Common Area conveyed by Declarant to the Association shall commence concurrently with the commencement of Regular Assessments in such Phase. Notwithstanding the foregoing, the contractors or subcontractors of Declarant are contractually obligated to maintain the landscaping or other Improvements on the Common Area. The Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Maintenance performed by such contractors or subcontractors of Declarant shall not serve to postpone the commencement of Regular Assessments pursuant to this Declaration, nor entitle an Owner to claim any offset or reduction in the amount of such Regular Assessments.

(d) Character of Improvements to Common Area.

The nature, design, quality and quantity of all Improvements to the Common Area shall be determined by Declarant in its sole discretion. The Association shall be obligated to accept title to the common Area, and undertake unconditionally all maintenance responsibilities for the Common Area when title is conveyed and maintenance responsibilities are tendered by Declarant, pursuant to subparagraph (a) and (c) above.

(e) Disputes.

In the event that a dispute arises between Declarant and the Association with respect to the nature, design, quality or quantity of the Improvements. Or the acceptance of maintenance responsibilities therefore the Association shall be obligated to accept title to the common Area and undertake maintenance responsibilities pending resolution of the dispute by arbitration conducted within the City in accordance with the then existing rules for commercial arbitration of the American Arbitration Association. In the event of a demand for arbitration, Declarant shall remit any fee required to initiate the arbitration. However the costs of arbitration, including attorneys' fees of the prevailing party, shall be borne in such proportions as the arbitration panel shall determine.

(f) Formation of Landscape Maintenance District.

Notwithstanding any provision contained herein to the contrary, the board shall have the power and authority to convey the Common Area, or any portion thereof, to the City upon request of the City to include the Common Area, or any such portion, in a landscape maintenance district and/or delegate its maintenance obligations to the City or to such landscape maintenance district. Each Owner of a Lot shall pay all assessments, special taxes and other charges levied against such Lot in connection with any such landscape maintenance district. Each Owner of a Lot in the Project, by acceptance of a deed from Declarant for such Lot, agrees to refrain from taking any action which would in any way interfere with the formation of or annexation into a landscape maintenance district or to the formation of a MelloRoos Community Facilities District, the operation of either district, or decisions made or actions taken by the City with respect to such districts, including without limitation, the timing of commencement, amount, spreading or use of the assessments, special taxes or other charges collected by such districts.

Section 16. Reservation of Construction Rights by Declarant.

In order that the Project be completed and established as a residential planned development, nothing in this Declaration shall limit the right of Declarant, its successors and assigns, to:

- (a) complete construction of any Improvements in the Project;
 - (b) redesign or otherwise modify the Improvements owned by Declarant;
 - (c) construct such additional Improvements on any portion of the Project owned by Declarant; or
 - (d) otherwise control all aspects of Designing the Project or selling or leasing of lots in the Project.
- Provided,

however, Declarant shall not modify any plans and specifications previously approved by the City with respect to the Common Area without the prior written consent of the City Planning Department. Furthermore, nothing in this Declaration shall limit the right of Declarant to establish additional licenses, easements and rights-of-way in favor of Declarant, utility companies or others as may, from time to time, be reasonably necessary for the development of the Project. The foregoing rights established and reserved by Declarant shall be subject only to the applicable regulations and requirements of the City, the VA/FHA and the DRE. The foregoing rights of Declarant may be assigned to any successor to all or part of Declarant's

interest in the Project by an express assignment recorded with the County Recorder of Los Angeles County. Such rights shall terminate at such time as Declarant no longer owns a Lot in the Project, or the time constraints set forth in Section 4, Article II, of this Declaration shall have expired.

ARTICLE IV

THE ASSOCIATION

Section 1. Membership. Every person or entity who or which is an Owner as defined hereinabove, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot in the Project merely as security for the performance of an obligation. All memberships in the Association shall be appurtenant to the Lot owned by each Member, and memberships in the Association shall not be assignable, except to the person or entity to whom the title to the Lot has been transferred. Ownership of such Lot shall be the sole qualification for membership in the Association. The memberships in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of title to said Lot, and then only to the purchaser or Mortgagee of such Lot. Any attempt to make a prohibited membership transfer shall be void and will not be reflected in the books of the Association.

Section 2. Voting Rights.

The Association shall have two (2) classes of voting membership, as follows:

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

Class B. The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned in the Project upon which Declarant is then paying the appropriate monthly Assessments provided for herein below. The Class B membership shall cease and be converted to Class A. Membership upon the happening of any of the following events, whichever occurs earliest:

- (a) The second anniversary of the original final subdivision public report for a phase of the project;
- (b) On the fourth anniversary of the original issuance of the Final Subdivision Public Report for Phase I of the Project; or
- (c) December 31, 1992.

Any action by the Association which must have the approval of the membership of the Association before being undertaken, shall require the vote or written assent of both a majority of the Class 8 membership as well as a majority of the class A membership, so long as there are two (2) outstanding classes of membership, unless a specific provision of this Declaration or the By-Laws or Articles of the Association requires the approval of a greater percentage of the voting membership. Notwithstanding the foregoing, any action by the Association pursuant to the Article contained herein entitled "Enforcement of Bonded Obligations" shall only require a majority of the voting power of the owners, other than Declarant.

Section 3. Vesting of Voting Rights.

The voting rights attributable to any given Lot in the Project as provided for herein shall not vest until the Assessments provided for herein below have been levied by the Association against said Lot.

Section 4. Suspension of Voting Rights.

The Board shall have the authority to suspend the voting rights of any Member to vote at any meeting of the Members for any period during which such Owner is delinquent in the payment of any Assessment, regardless of type, it being understood that any suspension for nonpayment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay the Assessments provided for in this Declaration.

Section 5. Transfer.

The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Lot. In the event of such sale, the Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Lot, or to the Mortgagee (or third party purchaser) of such Lot upon a foreclosure sale. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association may levy a reasonable transfer fee against new Owners and their lots (which fee shall be a Compliance Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the memberships to the new Owners on the records of the Association.

Section 6. Proxies.

Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Any form of proxy or written ballot distributed to the Members of the Association shall afford such Members the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that where a Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following:

- (a) the conveyance by the Owner of his Lot;
- (b) the date of automatic termination, if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or
- (c) eleven (11) months from the date of Issuance of the proxy, if no automatic termination date is specified in the proxy.

ARTICLE V

POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Management Body.

The Association is hereby designated as the management body of the Project. The Members of the Association shall be the Owners in the Prospect as provided herein, and the affairs of the Association shall be managed by a Board of Directors as more particularly set forth in the By-Laws. The initial Board shall be appointed by the incorporator or its Successor. Thereafter, the Directors shall be elected as provided in said By-Laws.

Section 2. Powers.

The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Subject to the provisions of the Articles, the By-Laws and this Declaration, the Board shall have all general powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations, and shall have the following specific powers:

- (a) Enforce the provisions of this Declaration and all contracts or any agreements to which the Association is a party;
- (b) acquire title, manage, maintain, repair and replace all Common Area and Improvements located thereon, including all personal property, in a neat, clean, safe and attractive condition at all times, and to pay all utilities, gardening and other necessary services for the Common Area, all as more specifically set forth in the Article herein entitled "Repair and maintenance",
- (c) Maintain fire, casualty, liability and worker's compensation coverage, fidelity bond coverage and other insurance coverage pursuant to the terms of that Article herein entitled "Insurance";
- (d) Obtain, for the benefit of the Common Area, all commonly metered water, gas and electric services, and may provide for refuse collection and cable (or CATV) television service;
- (e) Grant easements or licenses, where necessary, for utilities and sewer facilities over, on and across the common Area to serve the Project to any public agency, governmental entity or utility for purposes consistent with the use and enjoyment of the Common Area;
- (f) Pay all taxes and special assessments which would be a lien upon the entire Project or the common Area, and discharge any lien or encumbrance levied against the entire Project or the Common Area;
- (g) Levy and collect Assessments on the Owners of all Lots in the Project in which Assessments have commenced, and enforce payment of such Assessments in accordance with the terms and provisions set forth in the Article herein entitled "Effect of Nonpayment of Assessments: Remedies of the Association";
- (h) Pay for reconstruction of any portion of the Common Area damaged or destroyed;
- (i) Employ and retain a and/or management company to perform the duties and responsibilities of the administration of the Association: professional manager all or any portion of Board with respect to administration of the Association;

(j) Enter into any Lot when necessary in connection with maintenance or construction for which the Association is responsible:

(k) Retain, if deemed appropriate by the Board, and pay for legal and accounting services. Necessary and proper for the efficient operation of the Association, enforcement of this Declaration, the Rules and Regulations and Architectural Standards, or in performing any other duties or enforcing any other rights of the Association;

(l) Contract with Declarant, its successors or assigns, for the purpose of entry into a maintenance and/or subsidy agreement, made by and between Declarant and the Association, for the purpose of reducing the financial obligations of Owners in the Project during the initial Phases of development of the Project; and

(m) Perform any and all other acts and things that a nonprofit, mutual benefit corporation organized under the laws of the State of California is empowered to do, which may be necessary, convenient or appropriate in the administration of its affairs for the specific purposes of Meeting its duties as set forth in this Declaration.

Section 3. Duties.

Notwithstanding the Association's obligations, as more specifically set forth in the Article herein entitled "Repair and Maintenance," the Board shall perform and execute the following duties for and on behalf of the Association:

- (a) Own, maintain and operate the common Area for the common use and benefit of all Owners in the Project;
- (b) Provide, water, sewer, gas, electricity• garbage and trash collection• and other necessary utility services for the common Area;
- (c) Provide insurance for the Association and its Members in accordance with the provisions of the Article herein below entitled "Insurance";
- (d) Maintain and repair all portions of the Common Area in a neat, clean, safe, attractive, sanitary and orderly condition at all times. In the event any maintenance or repairs to the Common Area and are required due to the willful or negligent acts or omissions of an Owner or Owners, the Association shall levy the cost of such maintenance and Repair as a Compliance Assessment against the responsible Owner(s);
- (e) Pay all real and personal property taxes and Assessments which the Association is required to pay for pursuant to the terms and provisions of this Declaration or by law, unless separately assessed to Owners; provided, however, that it shall be the obligation of each Owner to pay his respective share of the tax assessment levied on the Project prior to separate assessments by the Tax Assessor pursuant to the applicable provisions of the California Revenue and Taxation Code;

- (f) Contract for any other material, supplies, furniture, labor, services, maintenance, repairs, structural alterations and insurance which the Association is required to pay for pursuant to the terms and provisions of this Declaration or by law;
- (g) Cause financial statements for the Association to be regularly prepared and copies distributed to each Member of the Association, regardless of the number of Members or the amount of assets of the Association:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year, and shall contain the following information:

- (i) An itemized estimate of the Association's revenue and expenses, determined on an accrual basis;
- (ii) The amount of the total cash reserves of the Association which are then currently available for the major repair or replacement of Common Area Improvements and for other contingencies;
- (iii) An itemized estimate of the remaining useful life of the Common Area Improvements, together with an explanation of the methods of funding being utilized by the Association to defray the costs of future repairs. Replacements or additions to the Common Area Improvements; and
- (iv) A general statement setting forth the procedures utilized by the Association to calculate and establish reserves to defray the costs of future repairs, replacements or additions to the common Area Improvements.

(2) A balance sheet as of an accounting date which is the last day of the month closest in time to gag (5) months from the date of closing for the first sale of a Lot, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received, and receivable, identified by the number of the Lot and the name of the person or entity assessed;

(3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

- (i) A balance sheet as of the last day of the association's fiscal year;
- (ii) An operating (income) statement for the fiscal year;
- (iii) A statement of changes in financial position for the fiscal year; and
- (iv) Any information required to be reported pursuant to Section 8322 of the California Corporations Code.

This annual report shall be prepared by a licensee of the California Board of Accountancy, in accordance with generally accepted accounting principles for any fiscal year in which the gross income of the Association

exceeds Seventy-Five Thousand Dollars (\$75,000.00). However, if for any reason the report is not prepared by a licensee of the California Board of Accountancy, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association;

(4) A statement of the Association's policies and practices in enforcing its remedies against members for nonpayment of Assessments, as set forth in the Article herein entitled "Effect of Nonpayment of assessments: Remedies of the Association," which shall be distributed within sixty (60) days prior to the beginning of the fiscal year; and

(5) The Board shall review, on a quarterly basis, unless otherwise stated, the following:

(i) A current reconciliation of the Association's operating accounts;

(ii) A current reconciliation of amounts collected as reserves;

(iii) The current year's actual reserve revenues and expenses compared to the budget for the then current fiscal year;

(iv) An income and expense statement for the Association's operating and reserve accounts; and

(v) The most current statements of account prepared by the financial institutions where the Association maintains its operating and reserve accounts.

Withdrawal of funds from the Association's reserve account shall require the signature of either:

(i) two (2) members of the Board; or

(ii) one (1) member of the Board and an officer of the Association who is not also a member of its Board.

As used in this Section, "reserve account" means the moneys that the Board has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

(h) Assume and pay out of the Assessments provided for herein below all costs and expenses incurred by the Association in connection with the performance and execution of all of the aforesaid powers and duties, and any other powers and duties the Association may assume as provided for in Section C herein below;

(i) Formulate, adopt and enforce such Rules and Regulations as it may deem proper for the operation of the Common Area, as more particularly described in Section '3 below;

(j) Enforce all applicable provisions of this Declaration, the Articles, By-Laws and such Rules and Regulations of the Association, and of all other documents pertaining to the Project:

(k)ownership, use management and control of the Give notices in writing to the Federal Home Loan Mortgage corporation (FHLMC), the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) and other lenders and investors participating in the financing of the sale of Lots in the Project, as required herein; and (1) within ten (10) days of the mailing or delivery of a written request from an Owner, provide said Owner with a copy of this Declaration and the By-Laws and Articles for the Association, together with a true statement in writing as to the amount of any delinquent assessments, penalties, attorneys' fees and other charges therein as provided by this Declaration or other management documents of the Board as of the date of such request. The Board may impose a fee for providing the foregoing, but in no event shall the fee exceed the reasonable cost to prepare and reproduce the requested documents. In addition, the Board shall make available, during normal business hours, upon request under reasonable circumstance, to any prospective purchaser of a Lot, any owner of a Lot, any first Mortgagee and the holder(s), insure(s) and guarantor (a) of a first Mortgage of any Lot, current copies of this Declaration, the Articles, the By-Laws, rules governing the Lot and all of the books, records and financing statements of the Association.

Section 4. Discretionary Powers.

The Board, at its option, may assume, perform and execute the following powers and duties for and on behalf of the Association:

- (a) Retain the services of a manager for the Project and provide such other personnel as the Association deems necessary and proper to assist in the operation of the Association and/or management of the Common Area, regardless of whether such other personnel are employed directly by the Association or otherwise;
- (b) Remove or replace any Improvement that extends into the Common Area under authority of an easement when access to a utility line underneath such Improvement is requested by any utility company: provided, however, that the cost shall be assessed against the Owner of the Lot involved as a Compliance assessment if said Owner caused the Improvement to be so placed in the Common Area without legal right to do so;
- (c) Incur any liability or pay any costs or expenses for a single Lot or Owner thereof; provided, however, that in the event the Association does incur any such liability. or pay any such costs or expenses, the amount thereof shall be specially assessed to the owner of such Lot as a Compliance Assessment; provided further, however, that nothing herein shall permit the Association to assess the Owners for any new Improvements to the Common Area except as otherwise provided in this Declaration; and
- (d) Subject to the limitations set forth in this Article, contract for any other material, furniture, labor, services, maintenance, repairs, structural alterations or insurance, or pay any taxes or Assessments which, in the opinion of the Board, shall be necessary or proper for the operation of the Common Area for the benefit of the Owners or for the enforcement of this Declaration.

Section 5. Repair of willful Damage to common Area.

Notwithstanding the Association's duty to maintain the Common Area, in the event that the maintenance, repair or replacement of any element of the Common Area becomes necessary due to the willful or negligent acts or omissions of any Owner, his family, guests or invitees, after prior Notice and Hearing, the Board shall assess the cost of such maintenance, repair and/or replacement as a Compliance Assessment against the Lot owned by such Owner.

Section 6. Limitations on Contracts.

Except as otherwise provided herein, no contract entered into by the Association, or the Board acting for and on behalf of the Association, may run for a term longer than one (1) year, except with the vote or written assent of a majority of the voting power of the Association and a majority of the votes residing in Members, other than the Declarant.

Section 7. Delegation of Duties.

In the event that the Association shall delegate any or all of its duties, powers or functions to any person, corporation or firm 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, power or function so delegated.

Section 8. Right of Entry for Emergency.

The Board, any person authorized by the Board or any Owner may enter any Lot in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Association shall repair the same at its expense.

Section 9. Right of Entry for Repairs.

The Board, or any person authorized by the board shall have the right to enter, upon reasonable notice, any Lot to effect necessary repairs which the Owner has failed to perform or which are necessary in connection with the repairs to the Common Area or an adjoining Lot. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Association shall repair the same at its expense.

Section 10. Limitations on Board Action.

The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Association and a majority of the votes residing in Members, other than the Declarant:

- (a) Entering into a contract with a third person, wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year, with the following exceptions:
 - (1) A management agreement, the terms of which have been approved by VA/FHA;

- (2) (2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public utilities Commission: provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;
 - (3) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy permits for short rate cancellation by the insured;
 - (4) Agreements for cable television or satellite dish services and equipment of not to exceed five (5) years duration, provided that the leaser under the agreement is not an entity in which Declarant has a direct or indirect interest of ten percent (10%) or more; and
 - (5) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration, provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.
- (b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year:
- (c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal Year. Any such action by the Association shall require the prior written consent of the City Planning Department;
- (d) Paying compensation to Directors or to officers of the association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association; or
- (e) Filling a vacancy on the Board created by the removal of a Director.

Section 11. Licenses, Easements and rights of Way.

The Board, for and on behalf of the Association, is authorized and empowered to grant such licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains and other public utility purposes over those portions of the Common Area upon which no building or other structure has been erected as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the health, safety, convenience and welfare of the Owners. Such licenses, easements and rights-of-way may be granted at any time prior to twenty-one (21) years after the death of the individuals who have signed this Declaration and their issue who are in being as of the date hereof, and the right to grant such licenses, easements and rights-of-way is hereby expressly reserved.

Section 12. New Improvements.

Except as otherwise provided in this Declaration, the Association may construct new Improvements or additions to the Common Area, or demolish existing Improvements, provided that in the case of any Improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted across expenses of the Association for that fiscal year, the written consent or vote of a majority of the Owners (other than the Declarant) in the Project as to the maximum total cost there for shall first be obtained, and provided

that no Lot shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Board shall levy a Special Assessment on all Owners in the Project for the cost of such work.

Section 13. 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. The Rules and Regulations shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area signs, parking restrictions and enforcement, trash collection, minimum standards for maintenance of Lots consistent with such standards as may be set forth in this Declaration or adopted by the Architectural Control Committee, and any other matter which is within the jurisdiction of the Association; provided, however that the Rules and Regulations may not discriminate among Owners and shall

not be inconsistent with this Declaration the Articles or By-Laws. A copy of the Rules and regulations as they may, from time to time, be adopted, amended or repealed, or a notice setting forth the adoption, amendment or repeal of specific portions of the Rules and Regulations, shall be delivered to each Owner. The Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration, and shall be binding on the Owners and their successors in interest, whether or not actually received thereby. The Rules and regulation as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner upon request. In the event of any conflict between any such Rules and Regulation and any other provisions of this Declaration, or the Articles or By-Laws, the provisions of the Rules and Regulations shall be deemed to be superseded.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Lot owned within the Project, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) Regular Assessments; (b) Special Assessments for capital improvements and such other purposes set forth herein; (c) Compliance Assessments, including, but not limited to, costs incurred by the Association in the repair of damage to the Common Area for which such Owner was responsible and costs incurred by the Association in bringing such Owner and his Lot into compliance with this Declaration; and (d) such other assessments as the Association may periodically establish. The Regular and Special Assessments, together with interests costs and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Regular Assessment and each Special Assessment, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall also be the personal obligation of the Owner of such property at the time when the Assessment fell due. Each Compliance Assessment levied against an Owners together with interest, costs and reasonable attorneys' fees for the collection thereof. shall be the personal obligation of the Owner of the property at the time of the Assessment. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Regular Assessments: Levy and Collection.

The Regular Assessments levied by the association shall be used exclusively to promote the health, safety and welfare of all Owners in the Project, and to maintain and improve the Common Area. The Association, by and through the Board, shall every and collect Assessments from the Owner of each Lot in the Project in an amount sufficient to cover all of the Common Expenses incurred by the Association in connection with the performance and execution of its powers and duties set forth in this Declaration, the By-Laws and the Articles. Regular Assessments shall be collected on a monthly installment basis.

Section 3. Regular Assessments – Basis

Regular Assessments payable to the Association shall be assessed equally against all Owners of Lots. Regular Assessments shall mean the charge levied against each Owner of a Lot in the Project, representing such Owner's proportionate share of the estimated Common Expenses of the Association for any fiscal year. Until the first day of the fiscal year of the Association immediately following the close of escrow for the sale of first Lot in the Prospect to an Owner, the maximum total regular Assessments shall be Twenty-nine thousand Four Hundred Eighty- four Dollars (\$29,484.00), as set forth in the Association budget reviewed and approved by the DRE. From and after the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, the maximum Regular Assessment may not be increased each fiscal year by more than twenty percent (20%) above the maximum Regular Assessment for the previous year without the approval of Owners constituting quorum casting a majority of the votes at the meeting of the Association conducted in accordance with California Corporations Code, Sections 7510, et seq., and Sections 7613, et seq. For purposes of this Section, a quorum shall constitute more than fifty percent (50%) of the Owners of the Association. The limitations set forth above shall not apply to increases in Assessments necessary to cover expenses incurred in emergency situations, Which include the following circumstances:

- (a) An extraordinary expense required by order of a court of competent jurisdiction;
- (b) An extraordinary expense necessary to repair or maintain Improvements within the Prospect where a threat to personal safety is discovered; and
- (c) An extraordinary expense necessary to repair or maintain any Improvements to the Project for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing the pro forma operating budget, pursuant to Section 1365 of the California Civil Code, However, prior to the imposition or collection of an Assessment under this subdivision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the embers with the notice of Assessment. The Board may fix the Regular Assessment at an amount not in excess of the maximum Regular Assessment. So long as Declarant is offering Lots for sale pursuant to a Final Subdivision Public Report, the Regular Assessment may not be decreased by ten percent (10%) or more without the express written consent of the Declarant and the DRE. following the annexation of a subsequent Phase of the Projects pursuant to the provisions set forth in this Declaration, the maximum Regular Assessment may be automatically increased (or decreased) for all Lots in the Project on the first day of the month following the first close of an escrow for the sale of a Lot in said Phase without any approval of the Members of the Association to the amount recommended by the DRE in connection with its review and processing of

the Association budget for such Phase. The Association may, upon ratification by a majority of the Board, enter into an agreement with Declarant, its successors or assigns, to reduce or abate Assessments, upon such terms and conditions as may be agreed to by the parties.

Section 4. Special Assessments.

In any fiscal year the Board may not, without the vote or written assent of Owners in attendance at a duly called meeting of the Association, levy Special Assessments to defray the costs of any action or undertaking on behalf of the Association which, in the aggregate, exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Every Special Assessment shall be levied upon the same basis as that prescribed for the levying of Regular Assessments. The five percent (5%) limitation shall not apply to the levy of Special assessments necessary to cover expenses incurred in emergency situations, which include the following circumstances:

- (a) An extraordinary expense required by order of a court of competent jurisdiction;
- (b) An extraordinary expense necessary to repair or maintain Improvements within the Project where a threat to personal safety is discovered; and
- (c) An extraordinary expense necessary to repair or maintain any Improvements to the Prospect for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing the pro forma operating budget, pursuant to Section 1365 of the California Civil Code. However, prior to the imposition or collection of a Special Assessment under this subdivision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of Special Assessment.

Section 5. Notice and Quorum For Any Action Authorized Under Sections 3 and 4.

Any action authorized under Sections 3 and 4 should be taken at a special meeting of Members of the Association called for that purpose, written notice of which shall be sent to all members not less than ten (10) days nor more than ninety (90) days in advance of the meeting. The notice shall specify the place, day and hour of the meeting. Said special meeting shall be conducted in accordance with the provisions of the By-Laws of the Association concerning special meetings of the Members of the Association. At such meeting, the presence of Members entitled to cast fifty-one percent (51%) of all votes of Each class of membership shall constitute a quorum.

Section 6. Date of Commencement of Regular Assessments: Due Dates.

The Regular Assessments provided for herein shall commence as to all Lots within each Phase of the Prospect on the first day of the month following: (a) the first conveyance of any Lot to a bona fide purchaser; or (b) the conveyance of the Common Area in such Phase to the Association, whichever shall first occur. The first Regular Assessments shall be adjusted according to the number of months remaining in the fiscal year as set forth in the By-Laws. The Board shall fix the amount of the Regular Assessment against each Lot at least thirty (30) days in advance of each Regular Assessment period. Written notice of the

Regular Assessment shall be sent to every Owner subject thereto at least thirty (30) days in advance of each Assessment period. The Board shall establish the due dates.

Section 7. Certification of Payment.

The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association setting forth whether the Assessments on a specified Lot have been paid. If a certificate states that Assessments have been paid, such certificate shall be conclusive evidence of such payment.

Section 8. Reserves. The Regular Assessments shall include reasonable amounts, as determined by the Board, collected as reserves for the future periodic maintenance, repair and replacement of all or a portion of the Common Area, or any such other purpose determined by the Board. All amounts collected, as the Board in a separate bank account shall deposit reserves for the purposes for which they were collected, and are to be segregated from and not commingled with any other funds of the Association.

Section 8. Reserves.

The regular Assessments shall include reasonable amounts, as determined by the board, collected as reserves for the future periodic maintenance, repair and replacement of all or a portion of the common area, or any such other purpose determined by the board. All amounts collected as reserves shall be deposited by the board in a separate bank account for the purposes for which they were collected, and are to be segregated from and not commingled with any other funds of the Association.

Section 9. Offsets and waiver Prohibited.

No Owner may waive or otherwise avoid liability for the Assessments provided for herein for any reason whatsoever, including, but not limited to, nonuse of the Common Area or abandonment of his Lot, nor shall any Owner be entitled to any offset against any Assessment provided for herein for any reason whatsoever, including, but not limited to, any expenditure made by such Owner for at on behalf of the Association.

Section 10. Exempt Property.

The following property subject to this Declaration shall be exempt from the Assessments herein:

- (a) All property dedicated to and accepted by any public authority; profit State voted and
- (b) All property owned by a charitable or no organization exempt from taxation by the laws of California. However, no land or Improvements to dwelling use shall be exempt from said Assessment; and
- (c) All Common Area.

Section 11. Capitalization of Association.

Each purchaser of a Lot in Phase I of the Project shall contribute to the capital of the Association an amount equal to one-sixth (1/6) the amount Of the then Regular Assessment for his respective Lot, as determined by the Board. Said amount shall be deposited by said Owner into the escrow for the purchase of his Lot from Declarant

and shall be disbursed by the escrow holder to the Association at the close of escrow for the sale of the Lot to said Owner. This capital contribution shall in no way be deemed to be a prepayment of Regular Assessments.

ARTICLE VII

EFFECT OF NONPAYMENT OF ASSESSMENTS:

REMEDIES OF THE ASSOCIATION

Section 1. Effect of Nonpayment of Assessments:

Remedies of the Association. Any installment of a Regular, Special or Compliance Assessment not paid within fifteen (15) days after the due date shall be deemed delinquent, shall be subject to reasonable costs of collection, including reasonable attorneys' fees, and a reasonable late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00), whichever is 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 an annual percentage rate not to exceed twelve percent (12%) commencing thirty (30) days after the Assessment was due. The Board, or and on behalf of the Association, may commence legal action against the Owners personally obligated to pay the same, or, in the case of a Regular or Special Assessment, may foreclose the lien against his Lot. Such lien may also be foreclosed by a power of sale or other nonjudicial procedure provided for by the laws of the State of California. In furtherance thereof, each Owner hereby vests in the Association, its successors or assigns the right and power to bring all actions at law or to pursue lien foreclosure against any Owner for purposes of collecting such delinquent Assessments.

Section 2. Notice of Delinquent Assessments.

No action shall be brought to foreclose a lien for delinquent Assessments, or to proceed under the power of sale herein, unless at least thirty (30) days has expired following the date a Notice of Delinquent Assessments is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the Office of the County Recorder of Los Angeles County. Said Notice of Delinquent Assessments must recite a good and sufficient legal description of any such Lot, the name and street address of the record Owner, the amount claimed (which may, at the Association's option, include reasonable late charges as may, from time to time, be established by the Board in accordance with California law, reasonable attorneys' fees and expenses of collection incurred in connection with the debt secured by said lien and interest on said sums at twelve percent (12%) per annum), and the name and address of the principal office of the Association, and, in the event of a nonjudicial foreclosure as provided in Section 3 below; the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice shall be signed and acknowledged by the President, or Vice President, and the Secretary, or Assistant Secretary, of the Association. The lien shall continue until fully paid or otherwise satisfied.

Section 3. Foreclosure Sale.

Any foreclosure sale provided for above is to be conducted by the Board, its attorney or other persons authorized by the Board in accordance with the provisions of Sections 2924, 2924a, 2924b and 2924' of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on

the Lot at a foreclosure sale, and to acquire, hold, lease, mortgage and convey the same. Any Owner, by acceptance of a deed for his Lot, hereby expressly waives any objection to the enforcement and foreclosure of the lien in this manner.

Section 4. Curing of Default.

Upon the timely curing of any default for which a Notice of Delinquent Assessments or lien was filed by the Association, the officers thereof are hereby authorized to file or second, as the case may be, an appropriate release of such Notice upon payment at the defaulting Owner of a fee to be determined by the Association, but not to exceed Twenty-Five Dollars (\$25.00) to cover the costs of preparing and filing or recording such release would be in violation of any law. If, by reason of the occupancy or use of said premises by the Owner, the rate of insurance to the Common Area shall be increased, the Owner shall become personally liable for the additional insurance premiums.

Section 5. Liability for Damage to the common Area.

Each Owner shall be liable to the Association, pursuant to the laws of the State of California, for any and all costs and expenses, which may be incurred by the Association to repair any damage to the Common Area which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family, tenants, lessees or contract purchasers, or their respective guests or invitees, whether minor or adult. After approval by a majority of the Board, any such costs and expenses shall be levied by the Board as a Compliance Assessment against such Owner.

Section 6. Signs.

Subject to the provisions of California Civil Code, Sections 712 and 713, no sign of any kind shall be displayed to the public view on or from any Lot or the common Area without the approval of the Association, except such signs as may be used by Declarant for a period of five (5) years from recordation hereof in connection with the development of the Project and sale of Lots, and except one (1) "for sale," "for lease" or "for exchange" sign of reasonable size (but not exceeding six [6] square feet) on any Lot. All signs permitted under this Section shall conform with the City's sign ordinance, if any, and with all applicable governmental regulations.

Section 7. Maintenance of Animals.

No animals of any kind shall be raised, bred or kept in any Lot or in the Common Area, except that common household pets, including dogs or cats, may be kept in each Lot; provided, however, that no animal shall be kept, bred or maintained for any commercial purpose or in unreasonable numbers. As used herein, "unreasonable numbers" shall ordinarily mean more than two (2) animals per Lot. Each Owner shall be responsible for cleaning up any excrement or other unclean or unsanitary condition caused by said animal on the Common Area. The Association, upon the approval of a majority of the Board, shall have the right to prohibit maintenance of any animal within the Project which constitutes a private nuisance to any other person. Every person bringing an animal upon or keeping an animal in the Project shall be liable pursuant to the law of the State of California to each and all persons for any injury or damage to persons or property caused by such animal. All animals maintained in a lot must be kept either within an enclosure, yard or patio, or on a leash being held by a person capable of controlling the animal. Declarant shall be fully indemnified and held harmless

by virtue of any physical injury and/or property damage proximately caused by the maintenance of any animal within Project.

Section 8. Quiet Enjoyment.

No Owner shall permit or suffer anything to be done or kept upon such Owner's Lot which will obstruct or interfere with the rights at quiet enjoyment of the other occupants, annoy them by unreasonable noises or otherwise, nor will any Owner commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. Each Owner shall comply with all of the requirements of the Board of Health and of all other governmental authorities with respect to said premises, and shall remove all rubbish trash and garbage from his Lot. All clotheslines, refuse containers, woodpiles, storage boxes, tools and equipment shall be prohibited from any Lot unless obscured from view by a fence or appropriate screen approved by the Architectural Control Committee provided for herein below.

Section 9. No Hazardous Activities.

No activities shall be conducted on any portion of the Project and no Improvements shall be constructed on any portion of the Project which are or might be unsafe, or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged on the Project and no open fires shall be Lighted or permitted on the Project, except in a contained barbecue unit while attended and in use for cooking purposes, or within an interior or exterior fireplace designed to prevent the dispersal of burning embers.

Section 10. Structural Changes.

There shall be no structural alteration, construction or removal of any Residence, fence or other structure whatsoever in the Project without the prior written approval of the Board or its designated Architectural Control Committee, as required herein, except such works of construction by Declarant during the development of the Project.

Section 11. Improvements.

There shall be no construction, alteration or removal of any Improvement in the Project (other than those repairs or rebuilding permitted under the Article entitled "Damage or Destruction to the common Area") without the approval of the Architectural Control Committee, as set forth herein below. No Improvements shall be constructed upon any portion of any Common Area, other than such Improvements as shall be constructed:

- (a) by the Declarant (or a person or entity to whom Declarant assigns its rights as developer), or
- (b) by the Association as provided herein.

Section 12. Windows.

No window in any Residence shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, reflective tint or any other material reasonably deemed inappropriate for such use by the Association.

Section 13. Commercial Activity.

No professional, commercial or industrial operations of any kind shall be conducted in or upon any Lot or the Common Area, except such temporary operations as may be approved by a majority of a quorum of the Association, and such temporary uses as shall be permitted by Declarant while the Project is being constructed and Lots are being sold by the Declarant.

Section 14. Parking.

Except in such areas as designated by Declarant and the Board, no Owner of a Lot in the Project shall park, store or keep any vehicle except wholly within his garage. No Owner shall park, store or keep any large commercial type vehicle, any recreational vehicle (including, but not limited to, any camper, motor home, trailer, boat trailer, mobile home or other reasonably similar vehicle, boat or aircraft) or any vehicle other than a private passenger vehicle on any portion of the Common Area. No Owner shall conduct major repairs or major restoration's of any motor vehicle of any kind whatsoever in his garage or upon the common Area, except for emergency repairs thereto and then only to the extent necessary to enable movement thereof to a proper repair facility. Each Owner shall maintain his garage such that it is readily available for parking. All garage doors shall remain closed at all times, except as reasonably required for entry to and exit from the garage. No inoperable vehicle shall be stored anywhere in the Project in such a manner as to be visible to neighboring property outside of the Project or any of the Lots. In any event, all vehicles shall be parked in compliance with applicable City ordinances.

Section 15• Regulation of parking The Association, through its officers, committees and agents, is hereby empowered to establish "parking" and "no parking" areas within the Common Area in accordance with Section 22658.2 of the California Vehicle Code, or any similar statute hereafter enacted, as well as to enforce these parking limitations by all means lawful for such enforcement, including the removal of any violating vehicle by those so empowered.

Section 16. compliance With Management Documents.

All Owners shall be Members of the Association and shall comply with the terms and conditions as set forth herein and in the Articles and the Bylaws, and all Rules and Regulations of the Association. No Owner shall transfer any membership or interest in the Association, except upon the transfer of the Lot to which it is appurtenant.

Section 17. Declarant's Improvements.

Nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to complete construction of any Improvements to the Common Area and/or to any Lot owned by Declarant, or to alter the foregoing or to construct such additional Improvements as Dealer ant deems advisable prior to completion and sale of the entire Project. The rights of Declarant under this Declaration may be assigned by Declarant to any successor to all or any part of Declarant's interest in the Prospect, as developers, by an express assignment incorporated in a recorded deed transferring such interest to such successor.

Section 18. Solar Heating Systems.

Solar Heating Systems Solar heating systems may be installed on lots in the Project, provided that such systems comply with applicable zoning regulations, the Uniform Building Code, and associated statutes and ordinances as may be adopted by the City, and have been approved by the Architectural Control Committee, based on reasonable architectural review standards adopted by the architectural Control committee, consistent with Section 714 of the California Civil Code.

Section 19 Antennas.

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

Section 20. Leasing

No Owner shall be permitted to rent or lease his Lot for transient or hotel purposes or for a period of less than thirty (30) days. No Owner may rent or lease less than the entire Lot. All rental and lease agreements shall be in writing and shall provide that the terms of such agreement shall be subject in all respects to the provisions of this Declaration, By-Laws and Articles, and that any failure by the tenant or lessee to comply with the terms of such documents shall constitute a default under such agreement other than the forgoing, there are no restrictions on the right of an Owner to rent or lease his Lot.

Section 21 Drilling

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot or the common Area, nor shall oil wells, tanks tunnels or mineral excavations be permitted upon or in any Lot or the Common Area. No derrick or other structure designed for use in boring for oil, water or natural gas shall be erected, maintained or permitted upon any Lot.

Section 22 Trash

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

Section 23. Pests.

Each Owner shall, at all times maintain his Lot free from all undesirable animals, including, without limitation, rata, mice and other objectionable rodents, gophers, moles and other, similar burrowing vermin, and wasps, bees, hornets, flies and other similarly objectionable insects, and pigeons, sparrows or other objectionable birds.

Section 24. Drainage.

There shall be no interference with the established drainage pattern over any Lot within the project as to affect any other Lot or the Common Area, unless adequate alternative provision is made for proper drainage and is approved in writing by the Architectural control Committee. For purposes hereof, "established" drainage is defined as the drainage which exists at the time such Lot is conveyed to a purchaser from Declarant, or later grading changes that are shown on plane approved by the Architectural Control committee.

Section 25. Water supply and water Softener Systems. No individual water supply or water softener system nor any sewage disposal system, shall be permitted on the project unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Los Angeles County waterworks district No. 4, the City and all other applicable governmental authorities.

Section 26. Exterior Maintenance and Repair.

No Improvement anywhere within the Project shall be permitted to fall into disrepair, and each Improvement shall, at all times, be kept in good condition and repair, as more fully described in the Article herein entitled "Repair and Maintenance."

Section 27. No Easements for View Purposes; Disclaimer.

The Article herein entitled "Architectural and Landscaping Control" sets forth procedures for the approval of improvements which may be constructed upon lots in the Project which are consistent with the architectural Standards adopted, from time to time, pursuant to said Article. The Architectural Standards may have some effect on preserving views from and insuring the passage of light and air to individual Lots.

However, by promulgation and enforcement of the Architectural Standards, or otherwise, neither Declarant, the Board nor the Architectural Control committee, or the members, employees or consultants of any of the foregoing, have made any representations whatsoever concerning the view, if any, that a particular Lot or other improvement thereon will enjoy. There are no express or implied easements whatsoever appurtenant to any Lot for view purposes, or for the passage of light and air across any other Lot or any property not within the Project, regardless of whether such Lot is owned by Declarant. Each Owner, by accepting a deed to a Lot, hereby expressly acknowledges and agrees that further construction within the Project may impair the view from such Owner's Lot, and each Owner hereby expressly consents to any such impairment.

Section 28. No Further Subdivision.

No portion of the Project may be further subdivided, nor may any easement or other interest therein, less than the whole (including a timeshare estate or timeshare use, as defined in Section 11003.5 of the California Business and Professions Code), be conveyed without the prior written approval of the Board and Declarant, for so long as Declarant retains the easements for construction and sales set forth in this Declaration.

Section 29. Declarant's Exemption From use Restrictions.

Nothing in this Article or elsewhere in this Declaration shall limit, restrict, abridge or control, in any manner whatsoever, Declarant's right to complete the planning, development, grading, construction, advertising, marketing, leasing and sales of the Lots, and all other property within the Project (including any property which may be annexed thereto pursuant to the provisions of this Declaration), including, without limitation, the following specific rights, which may be exercised by Declarant or by its agents and employees, in conjunction

with such development and marketing, for a period of five (5) years from the date of recordation of this Declaration, or until all Lots in the Project and all other property in the Project sold (and escrows closed), whichever shall first occur:

- (a) The right to maintain and operate one (1) or more advertising, sales or leasing office(s) located upon any Lot owned by Declarant, or upon any Common Area, without payment of rent or approval of the Association;
- (b) The right to post and display from any Lot owned by Declarant, or from any Common Area, any sign, flag, banner, billboard or other advertising which Declarant may, in its sole discretion, deem appropriate, irrespective of size, color, shape or materials of such items;
- (c) The right to install, place, replace, construct, reconstruct, modify or remove any Improvement from any Lot owned by Declarant, or from any Common Area, as Declarant may, in its sole discretion, deem appropriate; provided that in the event Declarant removes any Association owned Improvement from any Common Area without the express prior written consent of the Board, the Declarant shall replace such Improvement with an Improvement of substantially similar value, appearance and utility within a reasonable period following completion of any work necessitating the removal of the Improvement;
- (c) The right to conduct any commercial activity upon any Lot owned by Declarant, or upon any Common Area, which reasonably relates to the development, marketing, leasing or sales of the Lots or other property in the Project: and
- (d) The right to park vehicles upon any Lot owned by Declarant, or upon any Common Area.

ARTICLE IX

ARCHITECTURAL AND LANDSCAPING CONTROL

Section 1. Exemptions From Architectural Control.

except as otherwise provided herein, all Improvements to Lots shall be subject to architectural approval by the Association in accordance with the provisions of this Declaration. Notwithstanding the foregoing, Declarant shall be exempt from compliance with any of the provisions of this Article as they may relate to the construction and development of all Improvements in and to the Project by Declarant in accordance with the plans approved by the City; provided, however, if Declarant shall desire to construct any Improvements to the exterior of a Residence after such Residence has been completed and approved by the City, Declarant shall obtain approval for such Improvements from the City; and, provided further, if Declarant shall retain a Residence for personal use, any Improvements to the exterior of such Residence shall be subject to architectural approval pursuant to this Article.

Section 2. Extent of Architectural Control.

Subject to the limitations set forth herein, no excavation, grading, construction, alteration, addition, decoration, redecoration or reconstruction of an Improvement to a Lot in the Project, or other activity within the jurisdiction

of the Architectural Control Committee pursuant to this Declaration, shall be commenced or maintained by an Owner (with the express exception of Declarant, as set forth in Section 1 above) until the plans and specifications therefore showing the nature, location, kind, shape, height, width, color, materials and location of the same shall have been submitted to and approved by the Architectural Control Committee, as more fully set forth herein and in the Architectural Standards described herein.

Section 3. Architectural Control Committee.

The Architectural Control Committee is hereby authorized with the rights and powers set forth in this Article. Said committee shall consist of not less than three (3) members. nor more than five (5) members. In the event of the failure or inability of any member of the Architectural Control committee to act, the remaining members shall designate a successor who shall serve for the remainder of the term of the member he replaces. The Declarant shall appoint all of the original members of the Architectural Control Committee, and replacements thereto. Further, Declarant reserves the power to appoint a majority of the members of the Architectural Control committee until the fifth (5th) anniversary of the issuance of the Final Subdivision Public Report for Phase I of the Project. After one (1) year from the date of the issuance of the Final subdivision Public Report for the Project the Board shall have the power to appoint one (1) member to the Architectural Control Committee until ninety percent (90%) of the Lots in the Project have been sold, at until the fifth anniversary date of the issuance of the Final Subdivision Public Report for Phase I of the Project, whichever first occurs. Thereafter, the Board shall have the power to appoint all of the member of the Architectural Control Committee. All members appointed to the Architectural Control Committee by the Board shall be from the membership of the Association. Members appointed to the Architectural Control Committee by the Declarant, however, need not be members of the Association. No member of the Architectural Control Committee shall be liable to any person for his decisions or failure to act in making decisions as a member of the Architectural Control Committee. Declarant may, in its discretion and at any time, assign to the Association by written assignment its powers of removal and appointment with respect to the Architectural Control Committee, subject to such terms and conditions regarding the exercise thereof as Declarant may impose.

Section 4. Meetings of the Architectural Control Committee.

The Architectural Control Committee shall meet, from time to time, as necessary to perform its duties hereunder. The Architectural Control Committee may, by a majority vote of the members thereof delegate any of its rights and responsibilities here under to one (1) or more duly licensed architects, who shall have full authority to act on behalf of the Architectural Control Committee on all matters so delegated.

Section 5. Architectural Standards.

The Board may, from time to time, adopt Architectural Standards to be administered through the Architectural Control Committee. The Architectural Standards may include, without limitation, those guidelines, procedures, limitations and restriction@ upon Owners set forth below:

- (a) The placement, reconstruction, addition, change or alteration to a Lot or the exterior of a Residence, including the nature, kind, shape, materials, exterior color and location of any Improvement, and the height of any Improvement, including landscaping;

- (c) A description of the type of such construction, additions, changes or alterations which, if completed in conformity with the Architectural standards, do not require approval of the Architectural Control committee;
- (d) Conformity of completed Improvements to plans and specifications approved by the Architectural Control Committee;
- (e) Time limitations for the completion of the Improvements for which approval is required pursuant to the Architectural Standards.
- (f) Procedures for submissions of plane and specifications submitted for Architectural Control Committee review, including, without limitation, floor plans, site plans, drainage plans, elevation drawings, landscape plans and a description or samples of exterior colors and materials;
- (g) Restrictions controlling the species and placement of any trees, plants, shrubbery, ground cover, etc., to be placed, planted, irrigated and maintained in the project; and
- (h) A reasonable schedule of fees for submission of plans and specifications, as set forth in Section 7 below.

The Architectural Standards may be periodically updated or revised by the Board, as the Board, in its reasonable discretion, may deem appropriate. The Architectural Control committee shall maintain a copy of the then current Architectural Standards on file at all times and shall provide each Owner with a copy of the Architectural Standards upon written request. The Board shall establish a reasonable fee for copies of the Architectural Standards, and other related materials, to cover costs of reproduction, administration and handling.

Section 6 • Architectural Approval - Review of Planes and Specifications.

The Architectural Control Committee shall have the right and duty to promulgate Architectural Standards against which to examine any request made pursuant to this Article, in order to ensure that the proposed plans are in conformance with and are harmonious to the exterior design and existing materials of the buildings in the Project. The Architectural Control committee shall consider and act upon any and all plane and specifications submitted for its approval under this Declaration, and perform such other duties as, from time to time, shall be assigned to it by the Board, including the inspection of construction and progress to ensure its conformance with the plans approved by the Architectural Control committee. The initial address for submission of such plans and specifications until changed by the Architectural Control committee shall be:

Architectural Control committee
 California Chateau Community Association
 c/o Kaufman a Broad of Southern California, Inc. 11601 Wilshire Boulevard
 Los Angeles, California 90025

The Architectural Control Committee shall approve the plane and specifications submitted for its approval only if it deems that:

- (a) The construction, alterations or additions contemplated thereby and the locations indicated will not be detrimental to the appearance of the surrounding area of the Project as a whole;
- (b) the appearance of any structure affected thereby will be in harmony with surrounding structures;
- (c) the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Area, or the enjoyment thereof by the Owners; and
- (d) the upkeep and maintenance thereof will not become a burden on the Association. The Architectural Control committee may condition its approval of proposals or plans and specifications for any Improvement: (a) on such changes therein as it deems appropriate,
- (e) upon the agreement by the person submitting the same to grant appropriate easements to the Association for the maintenance of the Improvement, or (c) upon the agreement of the person submitting the same to reimburse the Association for the cost of such maintenance, or all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving the submission.

Section 7. Regulations and fees for Architectural Reviews.

The board may establish and issue reasonable rules and regulations as set forth in the Architectural Standards 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. 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 committee, the Architectural Control Committee shall have the right but not the obligation, to review all previously approved plans and specifications. In addition, in the event that the City requires modifications to the plans and specifications previously approved by the Architectural Control committee, the Owner shall submit to the Architectural Control Committee all modifications to the plans and specifications previously approved by the Architectural Control Committee, which shall have the right to review and to impose further conditions on any such modifications.

Section 9. Approval of City.

Approval of any proposed or existing Improvement, or completion of an Improvement, by the Architectural Control Committee at the Board shall not be construed to warrant or represent in any way that the Improvement was approved by or complies with the minimum standards of the City. Similarly, approval of any proposed or existing Improvement by the City shall not be construed to constitute approval of such Improvement by the Architectural Control Committee or the Board.

Section 10. Conflicts Between City and Architectural Control Committee.

In the event of any conflict in the conditions of approval of any proposed Improvements imposed by the City and the Architectural Control Committee, the more restrictive of such conditions shall be controlling. Further, nothing herein shall limit the Architectural Control Committee from imposing conditions of approval of any proposed Improvements which are more restrictive than conditions as may be imposed by the City.

Section 11. Decisions of the Architectural Control Committee.

Until receipt by the Architectural Control committee of any required plans and specifications, and such other information as may be required in Section 6 above, the Architectural Control Committee may postpone review of any plans submitted for approval. Decisions of the Architectural Control committee and the reasons therefore should be transmitted by the Architectural Control Committee to the applicant, at the address set forth in the application for approval, within forty-five (45) day@ after receipt by the Architectural Control Committee of all plans, specifications and materials required. Any application submitted pursuant to the provisions of Section 6 above shall be deemed approved, unless written disapproval or a request for additional information or materials by the Architectural Control committee shall have been transmitted to the applicant within forty-five (45) days after the receipt by the Architectural Control Committee of all required materials.

Section 12. No Waiver of future Approvals.

the approvals of the Architectural Control committee to any submissions for any work done, or proposed to be done, or in connection with any other matter requiring the approval or consent of the Architectural Control Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent of any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

Section 13. Compensation of members.

The members of the Architectural Control Committee shall receive no compensation for services rendered, other than reimbursement by the Association for expenses incurred in the performance of such members duties hereunder.

Section 14. Variances.

Where circumstances such as topography, location of buildings, location of landscaping or other matters require the Architectural Control committee, by the vote or written assent of a majority of the members thereof, may allow reasonable variance as to any of the Covenants contained in this Declaration or provisions under the rules and regulations promulgated by the Architectural Control Committee, on such terms and conditions as it shall require. 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 and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Owner's use of his Lot, including, but not limited to, zoning ordinances, Lot setback lines or requirements imposed by the City or other governmental authority.

Section 15. Inspection of Work.

Upon consent of the Owner, which consent shall not be unreasonably withheld, any member or authorized representative of the Architectural Control committee may, at any reasonable hour and upon reasonable notice, enter and inspect any Lot which has been the subject matter of an approval of a submission for an Improvement to his Lot. Such entry shall be made with as little inconvenience to the Owner as reasonably possible, and any damage caused thereby shall be repaired by the Association. If the Architectural Control committee finds that such work was not done in substantial compliance with the approved plans and specifications, it shall notify the Owner la writhing of such noncompliance, specifying the particulars of noncompliance and shall require the Owner to remedy the same within thirty (30) days from the date of notification of such noncompliance. If a noncompliance exists. the Board, after Notice and Hearing, may levy a Compliance Assessment against such Owner for the costs of removing or remedying such noncompliance.

Section 16. NonLiability of Architectural Control committee Members.

Neither Declarant, the Association, the Board or the Architectural Control committee or the members or designated representatives thereof, shall be liable for damages to any Owner submitting plans or specifications to them for approval, or to any Owner in the Project affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance, unless due , willful misconduct or bad faith of the Architectural Control committee. The Architectural Control committee's approval or disapproval of a submission shall be based solely on the considerations set forth in this Article, and in such rules and regulations as may be promulgated by the Architectural Control Committee, and the Architectural Control Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plans or design from the standpoint of structural safety and conformance with building or other codes.

Section 17. Appeal.

In the event plans and specifications submitted to the Architectural Control Committee are disapproved, the party making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the Architectural Control Committee. The Board shall submit such request to the Architectural Control Committee for review, and the written recommendations of the Architectural Control committee will be submitted to the Board. Within forty-five (45) days following receipt of the request for appeal, the board shall render its written decision. The failure by the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the party making such submission.

ARTICLE X REPAIR AND MAINTENANCE

Section 1. Repair and Maintenance by Association.

Without limiting the generality of the article herein entitled Powers and Duties of the Association," the Association shall have the duty to maintain, in a neat, clean, safe, sanitary, attractive and orderly condition at all times, the following upon the Common Area as designated in this Declaration, or in any subsequent Notice of Annexation which may be recorded, from time to time:

- (a) Maintain, landscape, repair, improve, restore and replace all Improvements on the common Area in a neat, clean, safe, attractive and orderly condition at all times, including, without limitation, the following;

1. All private streets, streetscape, parkways, walkways, trails or other pedestrian paths
 2. All drainage facilities and easements within the common Area;
 3. The exterior surfaces and structural integrity of the perimeter walls and fences of the Project; and
 4. The controlled access gate and all appurtenant structures and improvements.
- (b) Maintain all other areas, FACILITIES, furniture, equipment, services or AESTHETIC components of whatsoever nature as may, from time to time, be requested by the vote or written consent of three-fourths (3/4) of the voting power of the Members; and
- (c) Except as otherwise herein specified as being paid by individual Owners, the costs of maintenance, repair, restoration and replacement as provided in this Article shall be Common Expenses and shall be paid out of the general funds of the Association.

Section 2. Repair and Maintenance by Owner.

Except, as the Association shall be obligated to maintain and repair as may be provided in this Declaration, every Owners shall:

- (a) Maintain his Lot and the Residence located thereon, including, without limitation, all walls, fences, roofs, patios, patio covers, decks, deck covers, balconies, windows, window frames, screens, locks and doors of his Residence, landscaping and slope areas, irrigation lines and all other Improvements located on such Owner's Lot in a neat, clean, safe and attractive condition at all times, and make all repairs as they may be required; and
- (b) Install, within a reasonable period of time after conveyance of title to a Lot to an Owner, but in no event later than six (6) months from the close of escrow for the sale of the Lot, the landscaping of his Lot in a neat and attractive condition, including all necessary landscaping and gardening, to properly maintain and periodically replace, when necessary, the trees, plants, grass and other vegetation originally placed on such Lot by Declarant, if any.

The Board may adopt Architectural Standards proposed by the Architectural Control Committee to regulate landscaping permitted within the Project. 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.

Section 3. Maintenance of Public Utilities.

Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities or public utilities which are located within easements in the Common Area owned by

such public utilities. However, the Association shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

Section 4. Damage and Destruction Affecting a Residence - Duty to Rebuild.

In the event any Residence is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of such Residence to repair or reconstruct said Residence in a manner which will restore it to its condition and appearance immediately prior in time to such damage or destruction, or as otherwise approved by the Architectural Control committee. The affected Owner shall be obligated to proceed, with all due hereunder, and shall be responsible for commencing reconstruction within three (3) months after the damage occurs, and completing such reconstruction as soon as reasonably possible thereafter.

ARTICLE XI DAMAGE OR DESTRUCTION TO THE COMMON AREA

Section 1. Restoration of Damaged Common Area.

Except as otherwise provided in Section 2 herein below, damage to or destruction of all or any portion of the Common Area shall be handled in the following manner:

- (a) In the event of damage to or destruction of the Common Area and the insurance proceeds are sufficient to effect total restoration, the Association shall, as promptly as is practical, cause the Common Area to be repaired and reconstructed in a good workmanlike manner to their condition prior to such damage or destruction.
- (c) If the insurance proceeds available are at least ninety percent (90%) of the estimated cost of total repair and reconstruction to the common Area, the Association shall, as promptly as practical, cause such Common Area to be repaired and reconstructed in a good workmanlike manner to their condition prior to the damage or destruction, and the difference between the insurance proceeds and the actual cost shall be levied by the Association as a Special Assessment against each of the lots on an equal basis.
- (d) If the insurance proceeds available are less than ninety percent (90%) of the estimated cost of total repair and reconstruction to the Common Area, the Owners shall, by the written consent or vote of a majority of the owners, determine whether: (1) to restore the common Area as promptly as practical to their condition prior to the damage or destruction, and to raise the necessary funds over and above the insurance proceeds available by levying Assessments against each of the Lots on an equal basis; or (2) to restore the Common Area in a way which utilizes all or any increased insurance premiums which are attributable to the damages caused by such Owner.

Section 6. Notification by Association of Defects.

The Board agrees that in the event of any alleged defect in any improved Common area for which the Association alleges that Declarant may be responsible, the Board will provide Declarant with written notice of such defect and will grant Declarant a reasonable opportunity to repair, replace or otherwise cure such defect. The Association agrees that Declarant, or its authorized agents, and not the Association, shall determine the

material and methods to be used in effecting such repair, replacement or cure. The Association agrees to provide Declarant, or its authorized agents, a reasonable opportunity to repair or replace any defective material or workmanship upon the Association's discovery of the same.

ARTICLE XII

CONDEMNATION

Section 1. Distribution of Awards - Common Area.

A condemnation award affecting all or any portion of the Common Area shall be remitted to the general fund of the Association.

Section 2. Board of Directors as Attorney-in-Fact.

All Owners, with the exception of the Administrator of Veterans Affairs, an Officer of the United States of America, hereby appoint the Board as their special attorney-in-fact to handle the negotiations, settlements and agreements pertaining to any condemnation affecting only the Common Area.

ARTICLE XIII

COVENANT AGAINST PARTITION

Section 1. Covenant Against Partition.

By acceptance of his deed, each Owners shall be deemed to covenant for himself, and for his heirs, representatives, successors and assigns that he will not institute legal proceedings to effect Judicial partition of his interest in the Project, unless the Project:

- (a) has been in existence in excess of fifty (50) years,
- (b) is obsolete and uneconomical, and
- (c) the Owners of fifty percent (50%) of the total of all lots in the Project join in such action for partitionable proceeds and an additional amount not in excess of ten percent (10%) of the estimated cost of total reconstruction and repair to the Common Area and which is assessable as provided above to all Lots, but which is less expensive than restoring the Common Area to its condition prior to the damage or destruction.

Section 2. Election by Owners Not to Restore Damaged Common Area.

- (a) Notwithstanding the provisions set forth in Section 1 hereinabove, in the event sixty-seven percent (67%) of the Owners, other than Declarant, and sixty-seven percent (67%) of the first Mortgagees (based upon one [1] vote for each first Mortgage owned) have given their prior written approval, the

Owners may elect not to rebuild or restore the common Area and to disburse the available insurance proceeds to the general fund of the Association.

- (b) In the event the Owners shall have so voted not to rebuild the Common Area, the Common Area shall be cleared and landscaped, and the cost thereof shall be paid for out of the available insurance proceeds prior to their distribution to the general fund of the Association.
- (c) In the event the Owners shall have so voted not to rebuild the Common Area, unless the City shall agree to the contrary, it shall be the obligation of the Association and each of the Owners to rebuild the private streets, utilities and open spaces, at least to the extent said streets utilities and open spaces were accepted initially by the City in lieu of payment of fees due pursuant to law.

Section 3. Retention of Excess Insurance Precedes in General Fund.

In the event any excess insurance proceeds remain after restoring the destroyed Common Area pursuant to this Article, the Board shall retain such sums in the general fund of the Association.

Section 4. Requirements of FHLMC, FNMA and VA/FHA.

Notwithstanding the provisions of this Article, the Board shall comply with all requirements of the Article herein entitled "Mortgagee Protection."

Section 5. Damages by Owners.

To the extent permitted by law, each Owner shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance if the damage is sustained due to the negligence, willful misconduct, improper installation or maintenance of an Improvement by an Owner, his tenants, guests or invitees. The Board shall have the right, after Notice and Hearing, as provided in the By-Laws, to levy a Compliance assessment for any damages so caused by an owner, including, without limitation, the costs

ARTICLE XIV INSURANCE

Section 1. Required Insurance Coverage.

The Association, acting by and through the Board, shall obtain for the Association and shall maintain and pay the premium for the following insurance coverage's:

- (a) **Casualty and Fire Insurance.** A policy or policies of casualty and fire insurance with extended coverage endorsement for the full replacement value (without deduction for depreciation) of the common Area, together with all Improvements located thereon. Said policies shall be maintained for the benefit of the Association, the Owners and their respective Mortgagees, as their interests may appear.
- (b) **Public Liability Insurance.** A policy or policies of full coverage public liability insurance (with cross liability endorsement, if obtainable) insuring the Association, the Board, the Owners, the Declarant,

and the agents and employees of each of the foregoing against any liability to the public or to any Owner, his family, invitees and/or tenants, arising from or incident to the ownership, occupation, use, maintenance and/or repair of the Common Area. The limits of liability under this Section shall be set by the Board and shall be reviewed at least annually by the Board and increased or decreased at the discretion of the Board; provided, however, that said limits shall not be less than One Million Dollars (\$1,000,000.00) for bodily injury, including deaths of personal and property damage arising out of a single occurrences and provided further, that if the Federal Home Loan Mortgage Company (FHLMC) and/or the Federal National Mortgage Association (FNMA) participate in the financing of lots in the Project, said limits shall not be less than the minimum limits required under the then current FHLMC and/or FNMA regulations.

- (c) Fidelity bonds Officers' and directors' errors and omissions insurance, and fidelity bonds naming all persons signing checks or otherwise possessing fiscal responsibilities on behalf of the Association, including, but not limited to, officers, directors, trustees and employees of the Association, and officers, employees and agents of any management company employed by the Association who handle or are responsible for the administration of Association funds. Such coverage shall be in an amount deemed reasonably appropriate by the Association, but shall not be less than the estimated maximum funds, including reserves in the custody of the Association, or twenty-five percent (25%) of the estimated annual operating expenses of the Project, including reserves, whichever is greater.

Section 2. Optional Insurance Coverage.

The Association, acting at its option and by and through the Board, may purchase such other insurance as it may deem necessary or appropriate, including, but not limited to, earthquake insurance, flood insurance, Workers' Compensation Insurance and plate glass insurance.

Section 3. Notice of Cancellation of Insurance.

All policies of insurance maintained by the Association pursuant to this Article shall contain a provision that coverage under said policies may not be cancelled, terminated, allowed to expire by their own terms, or be substantially modified by any party without at least thirty (30) days prior written notice to the Board, to each Owner and to such first Mortgagees who have filed written requests with the Association for such notice. A list of the Owners and such first Mortgagees shall be made available by the Association to the insurance carrier upon request.

Section 4. Review of Coverage.

The Board shall annually determine whether the amounts and types of insurance coverage that it has obtained pursuant to this Article shall provide adequate coverage for the Project based upon the then current construction costs, insurance practices in the area in which the Project is located and all other factors which may indicate that either additional insurance coverage or increased coverage under the existing policies is necessary or desirable to protect the interests of the Association, the Owners and their respective Mortgagees. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain same.

Section 5. Waiver by Owners.

As to all policies of insurance maintained by the Association which will not be voided or impaired thereby, each Owner hereby waives and releases all claims against the Association, the Board the Declarant and the agents and employees of each of the foregoing, and all other Owner, with respect to any loss covered by such insurance, whether or not caused by the negligence of, or breach of, any agreement by said persons, but only to the extent of the insurance proceeds received in compensation for such loss.

Section 6. Premiums, Proceeds and Settlement.

Insurance premiums for all blanket insurance coverage and any other insurance coverage which the Board has determined is necessary to protect the interests of the Association, the Owners and their respective Mortgagees, shall be a Common Expense to be included in the Regular Assessments levied by the Association. All insurance proceeds paid to the Association shall be disbursed as follows: (a) in the event of any damage or destruction to the common Area, such proceeds shall be disbursed in accordance with the provisions of the Article herein entitled "Damage or Destruction to the common area"; and (b) in the event of any other loss, the proceeds shall be disbursed as the Board shall deem appropriate, subject to the limitations set forth in the Article herein entitled "Mortgagee Protection." The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) Directors may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and its Members.

Section 7. Rights and Duties of Owners to Insure.

Each Owner shall obtain insurance on his Lot, including the Residences and all other Improvements located on his Lot. Nothing herein shall preclude any Owner from carrying any public liability insurance, as he may deem desirable to cover his individual liability for damage to person or property occurring inside his individual Lot or elsewhere upon the Project. If obtainable, such liability insurance coverage carried by an owner shall contain a waiver of subrogation of claims against the Declarant, the Association, the Board, their agents and employees, and all other Owners. Such other policies shall not adversely affect or diminish any liability under insurance obtained by the Association. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable there under shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 8. Trustee for Policies.

The Association is hereby appointed and shall be deemed trustee for the interests of all insured under the policies of insurance maintained by the Association. All insurance proceeds under such policies shall be paid to the Board, as trustees, and the Board shall have full power to receive such funds on behalf of the Association, the Owners and their respective Mortgagees, and to deal therewith as provided for in this Declaration.

Section 9. Compliance With Requirements of FHLMC, and VA/FHA.

Notwithstanding the provisions of this Article, the Association shall obtain and maintain in effect much policies of insurance meeting all requirements of FHLMC, FNMA and VA/FHA established by those entities for planned developments for so long as any of such agencies continue to be a Mortgagee, Owner, insurer or

guarantor of a Mortgage in the Project, except to the extent such coverage is not available or has been waived, in writing, by much agencies.

ARTICLE XV MORTGAGEE PROTECTION

Section 1. Mortgagee Protection provisions.

Notwithstanding any other provisions in this Declaration to the contrary, in order to induce the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA) and other lenders and investors, to participate in the financing of the sale of Lots in the Project, the following privations contained within this Article ace added hereto, and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control. The Declaration, the Articles and the By-Laws for the Association are hereinafter collectively referred to in this Article as the "constituent documents."

- (a) The right at an Owner to sell, transfer or otherwise convey his Lot shall not be subject to any right of first refusal or any similar restriction in favor of the Association.
- (b) The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter recorded upon any Lot. The sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage or pursuant to any remedies provided for in the mortgage shall extinguish the lien of such Assessments as to payments which became due prior thereto. No sale or transfer shall relieve such Lot from liability for Assessments due thereafter. Any first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage, or foreclosure of the Mortgage, or any purchaser at a foreclosure sale of a first Mortgage will not be liable for unpaid Assessments or charges which accrue prior to the acquisition of title to such Lot by the Mortgagee (except for claims for a share of such Assessments or charges resulting from a reallocation of such Assessments or charges to all Lots including the mortgaged Lot).
- (c) Except as provided by statute in case of condemnation or substantial loss to the lots and/or Common Area, unless sixty-seven percent (67%) of the, owners other than Declarant, and sixty-seven percent (671) of the first Mortgagees (based upon one [1] vote for each first Mortgage owned) have given their prior written approval, neither the Association nor the owners shall be entitled to:
 - (1) change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner's Lot;
 - (2) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Common Area shall not be deemed a transfer within the meaning of this clause;
 - (3) Use hazard insurance proceeds for losses to the Common Area for other than repair, replacement or reconstruction

- (4) Effect any decision of the Association to terminate professional management and assume self management of the Project, where such professional management was previously a requirement by a holder, insurer or guarantor of any first Mortgage;
 - (5) By act or omission, change, waive or abandon any provisions of this Declaration, or enforcement thereof, pertaining to architectural design of the Residences situated on a Lot or the maintenance and operation of the common Area within the project, including, without limitation, sidewalks, fences, driveways and landscaping within the Project;
 - (6) Fail to maintain fire and extended coverage on the insurable Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value thereof; and
 - (7) Abandon or terminate the Association, except for abandonment, partition at termination as may be provided by law.
- (d) All taxes, Assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to individual Lots, and not to the Project as a whole.
 - (e) No provision of the constituent documents shall be interpreted to give any Owner or any other party priority over any rights of the first Mortgages in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of all or any portion of the Common Area or such Owner's Lot.

The Assessments provided for in the constituent documents shall include an adequate reserve fund for maintenance repairs and replacement of those elements of the Common Area that must be replaced on a periodic basis, and shall be payable in regular installments, rather than by Special Assessments.

- (f) Each holder, insurer or guarantor of a first Mortgage who has filed with the Association a written request for notice shall be entitled to timely written notice of:
 - (1) any condemnation or eminent domain proceeding, and any loss or taking resulting from such proceeding which affects the Project, or any portion thereof;
 - (2) any substantial damage or destruction to the Project, or any portion thereof, when such loss exceeds Ten Thousand Dollars(\$10,000.00);
 - (3) any default in the performance by an individual Owner of any obligation under the current documents which is not cured within sixty (60) days after the Association learns of such default, which notice shall state the length of time which such Owner has been delinquent;
 - (4) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
 - (5) any abandonment or termination of the Project; and

- (6) any proposed action that requires the consent of a specified percentage of eligible Mortgagees.
- (g) Any agreement for professional management of the Project, or any contract providing for services of the Declarant, may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on no more than ninety (90) days written notice.
- (h) First Mortgagees of lots may, jointly or singly, pay taxes or other charges which are in default and which may have become a lien on the Common Area, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area, and first Mortgagees making such payments shall be owed immediate Reimbursement therefore from the Association. Upon demand by any first Mortgagee, the Board shall execute, on behalf of the Association, an agreement establishing the right of all first Mortgagees to such reimbursement.
- (i) A first Mortgagee of a Lot in the Prefect will, upon request, be entitled to:
 - (1) examine the books and records of the Association during normal business hours;
 - (2) receive an annual audited financial statement of the Project within ninety (90) days following the end of any fiscal year of the Project, if such statement has been prepared for the Association: and
 - (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.
- (k) Each Owner shall notify the Association in writing within ten (10) days after the close of escrow for the purchase of his Lot of the name and address of his first Mortgagee, and thereafter, each Owner shall promptly notify the Association of any changes of name or address for his first Mortgagee.
- (l) If any Lot (or portion thereof) or the Common Area (or portion thereof) is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first Mortgage on such Lot will be entitled to timely written notice of any such proceeding or proposed acquisition.
- (m) In the event any portion of the common Area encroaches upon any Lot or any Lot encroaches upon the Common Area as a result of the construction, reconstruction, repair, shifting• settlement or movement of any portion of the Project, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 2. Violation of Mortgagee Protection Provisions.

No breach of any of the foregoing covenants shall cause any forfeiture of title or reversion or bestow any right of reentry whatsoever, but in the event that any one or more of these covenants shall be violated, the

Declarant, its successors and assigns, the Association, or any Owner in the Project may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation and/or to recover damages: provided, however, that any such violation shall not defeat or render invalid the lien of any Mortgage or deed of trust made in good faith and for value. Said covenants shall be binding upon and effective against any Owner whose title is acquired by foreclosure, trustee sale or otherwise.

ARTICLE XVI

ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to and become subject to this Declaration as set forth in this Article.

Section 1. Phased Development of the Project.

As set forth in Article II herein entitled "Introduction to California Chateau," Declarant intends to develop the Project in a series of Phases, each of which shall be annexed to the Project. However, Declarant is under no obligation to continue development of the Project. In addition, Declarant may elect to annex future Phases in any given order, pursuant to the provisions of Section 2 herein below. No annexation hereunder shall be effective unless the procedures set forth in this Article have been executed.

Section 2. Annexation Pursuant to General Plan of Development.

All or any part of the real property described as Annexation Property in the Article herein entitled "Definitions," may be annexed to the Project and added to the scheme of this Declaration, and be subjected to the jurisdiction of the Association without the assent of the Association or its Members, provided and on condition that:

- (a) Any annexation pursuant to this Section shall be made prior to three (3) years from the date of the original issuance by the DRE of the most recently issued Final Subdivision Public Report for a Phase of the Project;
- (b) The development of the Annexation Property shall be in substantial conformance with the overall general plan of development for the Project originally submitted to and approved by the City, the DRE and VA/FHA; further, detailed plans for the development of each Phase shall have been submitted to and approved by VA/FHA prior to its annexation; and
- (c) A Notice of Annexation, as described in Section 4 of this Article, shall be recorded covering the Annexation Property.

Section 3. Annexation Pursuant to Approval.

Upon obtaining the approval in writing of the Association pursuant to the vote or written assent of sixty-seven percent (67%) of the total votes residing in the Association Members, other than the Declarant, the owner of any property who desires to annex said property to the scheme of this Declaration and to subject it to the jurisdiction of the association may file or record a Notice of Annexation, as described in Section 4 of this Article.

Section 4. Notice of Annexation.

The annexation of additional property authorized under this Article shall be made by filing of record a Notice of Annexation, or similar instrument, covering said additional property, and the Notice of Annexation shall expressly provide that the scheme of this Declaration shall extend to such additional property. The Notice of Annexation may contain such complementary additions to and modification of the covenants set forth in this Declaration which are necessary to reflect the different character, if any, of the annexed property and which are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Notice of Annexation shall add, delete, revoke, modify or otherwise alter the covenants set forth in this Declaration.

Section 5. Right of DeAnnexation.

Declarant hereby reserves the right to deannex any property which may be annexed to the Project pursuant to this Declaration, and to delete said property from the scheme of this Declaration and from the jurisdiction of the Association, provided and on condition that the deannexation shall be made prior to the closing of the sale of the first Lot in the property to be deannexed, a draft of the revocation of Notice of Annexation has been submitted to and approved by VA/FHA and Declarant has obtained the prior written consent of the City Planning Department.

Section 6. Amendments to Notices of Annexation.

Notwithstanding any other provisions of this Declaration to the contrary, a Notice of Annexation may be amended by the requisite affirmative vote of members (and first Mortgagees, if applicable), as set forth in the Article herein entitled "General Provisions," in only the annexed property described in said Notice of Annexation, other than all Members (and first Mortgagees, if applicable) in the Project, on the following conditions: (a) such amendment applies only to the annexed property described in said Notice of Annexation; and (b) such amendment shall in no way contradict, revoke or otherwise alter any of the covenants set forth in this Declaration.

ARTICLE XVII ENFORCEMENT OF BONDED OBLIGATIONS

Section 1. Enforcement of Bonded Obligations.

In the event that the improvements of the Common Area have not been completed prior to the issuance of a Final Subdivision Public Report by the DRE, and the Association is obligee under a bond or other arrangement (hereinafter referred to as the "Bond") to secure a performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

- (a) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvements for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for such improvements in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any common Area improvement, the Board shall consider and vote on

the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

- (b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the By-Laws dealing with meetings of the Members, but in any event, such meeting shall be held not less than thirty-five (35) days not more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) of the total voting power of the Association.
- (c) The only Members entitled to vote at such meeting of Members shall be the Owners, other than Declarant. A vote at such Meeting of a majority of the voting power of such Members other than the Declarant, to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XVIII GENERAL PROVISIONS

Section 1. Enforcement.

- (a) The Association or the Owner of any Lot in the Projects including the Declarant, shall have the right to enforce, by proceedings at law or in equity, all of the covenants now or hereafter imposed by this Declaration and the by-laws respectively (and the Rules and Regulations duly adopted by the Association), including, without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated, or are attempting to violate, any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied and/or to recover damages for said violation.
- (b) The result of every act or omission whereby any of the covenants contained in this Declaration or the provisions of the By-Laws are violated, in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance shall be applicable against every such result and may be exercised by any Owner, by the Association, or by its successors in interest.
- (c) The remedies herein provided for breach of the covenants contained in this Declaration or the provisions of the By-Laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.
- (d) The failure of the Association or any Owner to enforce any of the covenants contained in this Declaration or the provisions of the By-Laws shall not constitute a waiver of the right to enforce the same thereafter.
- (e) A breach of the covenants contained in this Declaration or of the provisions of the By-Laws shall not affect or impair the lien or charge of any bona fide Mortgage or deed of trust made in good faith and for value on any Lot; provided, however, that any subsequent Owner of such property shall be

bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale or otherwise.

- (f) The Board, for and on behalf of the Association, may assess monetary penalties against an Owner as a Compliance Assessment and/or temporarily suspend said Owner's voting rights for the period during which any assessment against said Owner's Lot remains unpaid; provided however, the requirements for Notice and Hearing set forth in the By-Laws shall be followed with respect to the accused Owner before a decision to impose discipline is reached.
- (g) The Board, for and on behalf of the Association, may, after Notice and Hearing, temporarily suspend an Owner's voting rights for a period not to exceed thirty (30) days for any infraction of the Association's published Rules and Regulations; provided, however, the requirements for Notice and Hearing set forth in the By-Law shall be followed with respect to the accused Owner before a decision to impose discipline is reached.
- (h) In addition to the above general rights of enforcement, the City shall have the right, through its agents and employees, to enter upon any part of the Project for the purpose of enforcing the California Vehicle Code and its local ordinances, and is hereby granted an easement over the Prospect for that purpose.

Section 2. Severability.

Invalidation of any one of these covenants by judgment or court order shall in no way affect any other provisions hereof, which shall remain in full force and effect.

Section 3. Term.

The covenants set forth in this Declaration shall run with and bind the project, and shall inure to the benefit of the Association and be enforceable by the Board or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then owners agreeing to terminate said covenants and restrictions, in whole or in part, has been recorded within one (1) year prior to the termination of the initial fifty (50) year terms or within one (1) year prior to the termination of any successive ten (10) year period.

Section 4. Construction.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and maintenance of the Project. The Article and Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5. Singular Includes Plural.

Whenever the context of this Declaration may so require, the singular shall include the plural and the masculine shall include the feminine and neuter.

Section 6. Amendments.

- (a) Amendments by Declarant. Prior to the sale of a Lot to a member of the public, in accordance with a Final Subdivision Public Report issued by the DRE, this Declaration may be amended, restated or terminated by an instrument executed by Declarant.
- (b) Amendments by the Association. This Declaration may be amended only by an affirmative vote of Owners representing not less than sixty-seven percent (67%) of the Class A voting power and the class B voting power of the Association. At such time when the Class B membership shall cease and be converted to class A membership, any and all amendments to this Declaration shall be enacted by requiring the vote or written assent of Members representing both: (a) sixty-seven percent (67%) of the total voting power of the Association, and (b) sixty-seven percent (67%) of the votes of members other than the Declarant) provided, however, that the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision. So long as there is a class B membership, the prior approval of VA/FHA shall be required for any amendment to the Declaration. Any Owner or the Association may petition the Superior Court of Los Angeles County for an order reducing the necessary percentage required under this Section to amend this Declaration. The procedure for effecting this petition is set forth in Section 1356 of the California Civil Code, as the same may be amended, from time to time
- (c) Approval of Mortgagees. In addition to the rights of first Mortgagees, as set forth in the Article herein entitled "Mortgagee Protection," in the event that FNMA participative in the financing of lots in the Prospect, the written consent of not less than fifty-one percent (51%) of the first Mortgagees shall be required for any amendment which affects or purports to effect any of the following:
 - (1) The legal status of the Project as a planned development, including, without limitation, any action to terminate the legal status of the Project after substantial destruction or condemnation occurs;
 - (2) Voting rights;
 - (3) Assessments, including the levy and collection thereof, the priority thereof and enforcement provisions for nonpayment and subordination of liens for nonpayment;
 - (4) responsibility for common Area maintenance;
 - (5) Reserves for maintenance, repair and replacement of common area;
 - (6) Insurance or fidelity bond coverage;
 - (7) Common Area use rights;

- (8) Boundaries of any Lot;
- (9) Ownership interest in Common area;
- (10) Encroachment by Improvedmants into common Area, or by common area into individual lots;
- (11) Leasing of Lots;
- (12) Restrictions on alienation, including but not limited to, rights of first refusal;
- (13) Restrictions on alienation, including, but not limited to, rights of first refusal;
- (14) Mortgagee protection provisions as set forth in that article hereinabove entitled "Mortgagee protection," and such other provisions in this declaration for which the consent of Mortgagees shall be required or which are expressly for the benefit of Mortgagees, insurers or guarantors of mortgages;
- (15) Any decision by the association to establish self management, if professional management was previously required by an eligible first mortgages; and
- (16) Restoration of repairs of the project in a manner other than as specified in this declaration.

Notwithstanding the foregoing, in the event any first Mortgagee receives a written request from the Board to approve any amendment to this Declaration, and such first Mortgagee does not deliver a negative response in writing to the Board within thirty (30) days of the mailing of such request by the Board, by certified or registered mail, with a "return receipt" requested, such first Mortgagee shall be deemed to have approved such proposed amendment. This amendment provision shall not be amended to allow amendments by less than the percentages set forth hereinabove. Notwithstanding the foregoing, any Owner or the Association may petition the Superior Court of Los Angeles County for an order reducing the necessary percentage required under this Section to amend this Declaration. The procedure for effecting this petition is set forth in Section 1356 of the California Civil Code, as the same may be amended, from time to time.

(d) Approval by City.

Notwithstanding any other provisions of this Article, no material amendment to this Declaration and no termination of this Declaration shall be effective without the prior written consent of the Director of the City Planning Department, which individual or entity shall be given written notice of such material amendment or termination. If no notice of disapproval is received by the Association within thirty (30) days following the receipt of such notice, such amendment or termination shall be deemed to be approved.

(e) Recordation of Amendments.

An amendment made in accordance with the provisions set forth hereinabove shall be effective when executed by the President and Secretary of the Association, who shall certify that the amendment has been approved by

the membership and, where appropriate, by the Mortgagees in the percentages set forth hereinabove, and recorded in the Office of the County Recorder for Los Angeles County. Upon such recordation, the amendment shall be effective and binding upon all Owners and all Mortgagees, regardless of whether such Owner or such Mortgagee consented to such amendment.

Section 7. Encroachments.

None of the rights and obligations of the Owners created herein or by the deed shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful conduct of said Owner.

Section 8. Notices.

Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by registered or certified mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Association. If such notice is not sent by regular mail, it shall be deemed to have been delivered when received. Such address may be changed, from time to time, by notice in writing to the Association.

Section 9. Attorneys' Fees.

If any Owner defaults in making a payment of Assessments or in the performance or observance of any provision of this Declaration, and the Association has obtained the services of an attorney in connection therewith, the Owner covenants and agrees to pay to the Association any costs or fees incurred, including reasonable attorneys fees, regardless of whether legal proceedings are instituted. In Case a suit is instituted, the prevailing party shall recover the cost of the suit, in addition to the aforesaid costs and fees.

Section 10. Additional Covenants in favor of the VA/FHA.

So long as there is Class B membership in the Association, the following actions shall require the prior approval of the VA/FHA: annexation of additional property, mergers and consolidations, any Special Assessments and any amendment to this Declaration.

Section 11. Conflicts in Management Documents for Project In the event of any conflict between/among the Provisions of any of the management documents for the Project, the Declaration shall be deemed to supersede the provisions of any Conflicting management documents (with the express exception of the Articles), Including, without limitation, the By-Laws, Architectural Standards, if any, and the Rules and Regulations, if any.

STATE OF CALIFORNIA COUNTY OF LOS ANGELES

On DECEMBER 9 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared FRANK J. SCARDINA and DANTA GLANTZ. personally

known to me (or proved to me on the basis of satisfactory evidence)to be the persons who executed the within instrument as VICE PRESIDENT and ASSISTANT SECRETARY on behalf of KAUFMAN a BROAD OF SOUTHERN CALIFORNIA, INC., the corporation therein named, and acknowledged to me that said corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

OFFICIAL Seal

LESLIE STATOR WCILLARO

(SEAL)

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

"DECLARANT"

KAUFNAN & BROAD OF SOUTHERN
CALIFORNIAN INC.,
a California corporation

by Dana Glantz
Assistant Secretary

ANNEXATION PROPERTY

The Annexation Property consists of all of that certain real property located in the City of Palmdale, County of Los Angeles, State of California, more particularly described as follows:

PROPOSED

PHASE 2 - Lots 74 through 84, 91 through 96, and 100 through 112

PHASE 3 - Lots 34 through 43, 48 through 61, and 66 through 68

PHASE 4 - Lots 1 through 11, 22 through 29

PHASE 5 - Lots 12 through 21, 30 through 33, 44 through 47, 62 through 65, and 69 through 73

EXHIBXT "A"

88 2018830

STREETS WITHIN TRACT NO. 43810 WILL BE COMPLETED IN PHASES 1 THROUGH 5 AS FOLLOWS:

PHASE 1 -

Myrtle Street
Gardendale Lane (east of Myrtle
Estates Lane

SummetView Way
Crest Drive

PHASE 2 – None

PHASE 3

Northridge Drive
Concord Court
Heights Drive
Mission Drive
Broadmoor Road
Gardendale Lane west of Myrtle)

PHASE 4 - Carmel Road PHASE 5 - None

EXHIBIT "B"

88 2018830

R E G U L A T I O N S F O R C O N S T R U C T I O N

PRE-CONSTRUCTION REQUIREMENTS TEMPORARY CONSTRUCTION
FACILITIES CONSTRUCTION REQUIREMENTS

CALIFORNIA CHATEAU ARCHITECTURAL STANDARDS

PURPOSE AND INTENT

The success of the Custom Lot program at California Chateau can be assured only by establishing quality design standards. The architectural standards are based on the architectural, landscaping and site development requirements that must be met as you improve your Custom Lot. These Architectural Standards shall form the basis and criteria for evaluation of plans and specifications submitted for review and approval to the Architectural Control Committee of California Chateau. These Architectural Standards are not established to stifle the imaginative or creative desires of the future residents of California Chateau, but rather to ensure that certain disciplines will be in effect throughout the development of the Custom Lot program. Accordingly, these Architectural Standards are subject to amendment from time to time.

The Architectural Standards consist of certain restrictions, limitations and suggested Standards within this document that concern, without limitation:

- (a) The conformance of any proposed Improvements with the Architectural Standards set forth herein;
- (b) The conformance of completed Improvements to the previously approved plans and specifications; and
- (c) Construction, exterior additions, reconstruction, changes or alterations or maintenance of any Improvement, as well as the nature, shape, height, materials, exterior color surface and location of such Improvements.

The Architectural Control Committee is authorized under the recorded Declaration of Covenants, Conditions and Restrictions of Easements of California Chateau, as amended and supplemented, ("Declaration") to issue Architectural Standards setting forth procedures for submission of plans and specifications for approval, requiring payment of a fee to the Association to accompany each submission. These Architectural Standards are reflective of the authorization granted in the Declaration.

These Architectural Standards, together with the Declaration form the basis and criteria for evaluation of plans and specifications submitted for review and approval by the Architectural Control Committee. In the event of a conflict between these Architectural Standards and any of the provisions of the Declaration shall prevail over those contained herein.

Any condition or material not defined in these Architectural Standards, unless described by the Declaration, will become a matter of discretionary judgment by the Architectural Control Committee, acting in good faith on behalf of the best interests of California Chateau Community Association.

In addition to the Guidelines and Standards set forth herein, all Improvements to your Lot must also, of course, conform to all appropriate city, state and federal building requirements. In some instances, there may be an overlapping of

requirements, in which case, the more stringent requirements shall apply. The City of Palmdale Building Department should be contacted concerning municipal codes, ordinances and regulations. In the event of any conflicts between these Architectural Standards, the Declaration and the requirements of the City, the most restrictive of such requirements shall be controlling.

ARCHITECTURAL CONTROL COMMITTEE

The architectural Control Committee shall consist of not less than three (3) nor more than five (5) members. Kaufman and Broad of Southern California, Inc., shall appoint all of the original members of the Architectural Control Committee, and replacements thereto. Please refer to Article IX of the Declaration for additional requirements for membership on the Architectural Control Committee. The architectural Control Committee shall have the right to retain architects or other construction specialists as may be necessary to perform its Duties.

The Architectural Consultant for the custom lot program Craig S. Babb, A.I.A. 0 Associates 816 Past Avenue K, Lancaster, California, 93535 (805) 948-0421

The Architectural consultant shall review each set of Schematic and final Plans upon submittal for approval to the Architectural Control Committee who shall have full authority to act on behalf of the Architectural control Committee on all matters so dele-gated.

REVIEW OF PLANS AND SPECIFICATIONS

The Architectural Control Committee shall consider and act upon all plans submitted for its approval and perform all duties required by the Declaration, and such other duties as shall be assigned from time to time by the Board of Directors of the Association, including the inspection of construction in progress to assure its conformance with the plans approved by the Architectural Control Committee.

No construction, installation, alteration, addition modification, exterior redecoration or reconstruction of a Residence and all Improvements related to such Residence including all landscaping shall be commenced until any and all plans and specifications required pursuant to the Declaration and these Architectural Standards, showing the nature, kind, shape, height, width, depth, color, materials and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee. Until changed by the Board, the address for submission of such plans and specifications shall be:

California Chateau Community Association
c/o Kaufman and Broad of Southern California, Inc. 38345-A 30th Street East
Palmdale, California, 93550

The Architectural Control Committee shall approve the plans and specifications submitted for its approval only if it deems that:

- (a) the proposed Improvements will not be detrimental to the appearance of the surrounding area of the Project as a whole;
- (b) the appearance of any structure affected thereby will be in harmony with surrounding structures;

- (c) the proposed Improvements will not detract from the beauty, wholesomeness and attractive-ness of the Common Area, or the enjoyment thereof by the Owners; and
- (d) the upkeep and maintenance thereof will not become a burden on the Association. The Architectural Control Committee may condition its approval of proposals or plans and specifications for any Improvement:
- (e) on such changes therein as it deems appropriate,
- (a) upon the agreement by the person submitting the same to grant appropriate easements to the Association for the maintenance of the Improvement, or
- (b) upon the agreement of the person submitting the same to reimburse the Association for the cost of such maintenance, or all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving the submission.

EXEMPTION OF DECLARANT

In accordance with Article IX, Section 1, of the Declaration, Kaufman and Broad of Southern California, Inc., as Declarant, shall be exempt from compliance with any of the provisions of Article IX of the Declaration or Article II of the Supplemental Declaration and the Submittal Review Process set forth herein as they may related to the original construction and development of California Chateau by Declarant, in accordance with the plans approved by the City. Declarant need not seek approval from the Architectural Control Committee and shall have authority over the construction of any Improvements by Declarant on any Lots owned by Declarant.

ARCHITECTURAL STANDARDS

In addition to the Use Restrictions described in the Declaration, the Specific Architectural Restrictions set forth in Article II, Section 5 of the Supplemental Declaration, the Architectural Control Committee shall give effect to and enforce the following specific Architectural standards and controls which are mandatory and apply to the construction of any works of improvement, including the construction of a Residence, in order to maintain an attractive and harmonious appearance of Residences within the Project:

1. **Single Family Residence.** Each Lot is designed and intended to the construction of one (1) detached single-family dwelling. No multi-family Residences shall be permitted. 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 or more contiguous Lots. In such event, the Architectural Control Committee may permit reasonable variations from specific restrictions set forth in this Section.
2. **Height Restrictions.** The maximum height of any Residence or other improvement permitted on each respective Lot shall not exceed the greater of: (a) the maximum height set forth in the Building Envelope for each lot; or (b) twenty-eight feet (28') at

the ridgeline and eighteen feet (18') at the setback lines as approved by the Architectural Control Committee.

3. Perimeter Wall Height Limitations. On all Lots, side yard walls fencing between Lots shall be kept inside of property lines and shall not be constructed on a property line without the approval of all Lot owners affected. Said approval shall be affixed to plans submitted to the Architectural Control Committee.
 - (a) Front Yard: No walls shall be permitted in the front yard of any Lot.
 - (b) Side Yard: Walls located in the side yards of a Lot shall not exceed six feet, four inches (6'4") above finish grade.
 - (c) Walls which will abut any existing walls located on contiguous Lots shall not exceed the established height of the existing wall, except the heights required by building codes for protection of swimming pools or spas.
 - (d) The height of all walls shall be measured vertically from the approved finish floor at the base of the wall.
 - (e) Side yard walls shall be kept inside the property lines.
 - (f) Structural framing and/or unfinished sides of walls shall not be exposed to any public right-of-way, common area (including the private streets), or any other Lot. All surfaces of perimeter walls must be finished on all sides of the Lots. No exposed, unfinished surfaces shall be permitted.

4. **Minimum Setback Requirements.** The minimum setback requirement for any Residence, garage or other structure, or any fence, wall or other structure to be constructed on any Lot shall be the more restrictive of:
 - (1) the minimum setback prescribed by the City; or
 - (2) the minimum setback established in the Building Envelope for each lot. All building elements including the foundations and overhangs shall be built within the building setback area.

The standard property setbacks are as follows:

- (a) Front Yard: Twenty feet (20') from back of curb to any Residence or wall construction, overhangs may encroach up to ten percent (10%) of setback.
- (b) Rear Yard: Forty feet (40') from any rear property line to the rear of the Residence, overhangs may encroach up to ten percent (10%) of setback.

- (c) Side Yard: Fifteen feet (15') from side yard property line to any Residence, overhangs may encroach up to ten percent (10%) of setback.
- (d) Miscellaneous: Five feet (5') from a property line to any type of water feature, including, without limitation, pools, spas, fountains, ponds, etc.

5. **Minimum Square Footage of Residence.** The minimum net living area for any Residence shall not be less than one thousand nine hundred seventy feet (1,970'), exclusive of attics, decks, patios, courtyards, porches and garages.

6. **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. Gravel or asphalt driveways are expressly prohibited. The driveway shall be of sufficient size and configuration so that no vehicle parked in the driveway shall extend into any street or sidewalk.

7. **Garages. Garage Doors.** An enclosed garage of sufficient size to accommodate at least two (2) vehicles, but not more than four (4) vehicles, shall be constructed. All garage doors must be fully enclosed and be equipped with garage door openers.

8. **Residential Exteriors and Trim.** All materials used on the exterior of a Residence should be compatible with and complimentary to each other and to the overall design and style, texture, color and character of other Residences within California Chateau. All materials should relate or be complimentary to the community. Smooth or sand finish plaster or stucco exterior wall finishes are permitted. Heavy swirl or Spanish lace-type textures are prohibited.

All exterior materials should be authentic and genuine. Simulated or artificial building materials shall not be approved. Galvanized or shiny aluminum trim, gutters or downspouts shall not be permitted. All gutters shall be concealed unless designed as a continuous architectural design feature. Exposed gutters shall be colored to match with the surface to which they are attached. All colors of materials must be approved in writing by the Architectural Control Committee.

Exterior hardscape colors should be complimentary to exterior colors of the Residence.

9. **Roofs.** The roofs for all Residences, garages and other improvements within the Project shall be constructed of "noncombustible" tile, concrete tile or slate. All colors and materials must be approved in writing by the Architectural Control Committee.

Mechanical equipment shall not be visible from any private streets, Common Area or neighboring Lot.

All roof vents shall be colored to match the dominant roofing material.

10. Chimneys. Chimneys cannot exceed those heights required by the building codes of the City of Palmdale. Exposed metal flues are prohibited. All flashing and sheet metal must be colored to match the surfaces to which they are attached.

11. 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 Residences in the Project to the greatest degree possible, without significantly increasing the cost of the system or significantly decreasing its efficiency. No person shall install any such panels or equipment without the prior written consent of the Architectural Control Committee, which will 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 Section 714 of the California Civil Code, as the same may be amended from time to time. In addition, all requirements of the City of Palmdale shall be satisfied.

12. Antennas. No owner shall install, or cause to be installed any television, radio, "citizen's band" (CB) antenna, satellite dish, or similar electronic receiving or broadcasting device on the exterior of any Residence or elsewhere within a Lot, or upon the Common Area.

13. Windows. No window in any Residence shall be covered in whole or in part, inside or outside, with aluminum foil, newsprint, reflective tint or any other material reasonably deemed inappropriate for such use by the Architectural Control Committee.

14. Awnings. Awnings of any nature, type or design are prohibited.

15. Exterior Lighting Facilities. All exterior lighting facilities 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 other Lots or other property within California Chateau.

16. Skylights. Skylights must be designed as an integral part of the roof. Skylight glazing shall be clear, solar bronze or gray only. Skylight framing material shall be bronze anodized or colored to match the roof.

17. Mechanical Equipment. All air conditioning, heating equipment and soft water tanks must be screened from view and insulated for sound attenuation. No "through the wall" or "window" style air conditioning units shall be installed in any Residence, nor shall any air conditioning unit be installed upon the roof of any structure in the Project. The Architectural Control Committee shall have a right to approve or disapprove the location, placement, noise level and screening from view of all air conditioning and ventilating equipment.

18. Utility Meters. To the fullest extent possible, utility meters shall be located so as to be convenient for inspection, but concealed from view.

19. Drainage. Drainage will be in strict accordance with the concept and design shown on the approved site plans. It shall be the responsibility of the owner to insure that the drainage system functions in accordance with the approved design standards. Surface drainage of paved areas must be a minimum of one percent (1%) slope; provided that a swimming pool deck area must be one-half

percent (1/2%) slope and shall be directed to the pool deck and underground drains.

20. Address Signage and Mailboxes. Address identification and mailboxes should be compatible with the architecture, the site and surroundings and should be carefully designed. Address signage and mailbox design must be submitted for approval to the Architectural Control Committee.

21. Landscaping. Each lot shall be landscaped in accordance with the provisions set forth in Article II, Section 5(g) and 5(h) of the Supplemental Declaration. All landscape plans shall be submitted to the Architectural Control Committee and shall be in conformance with these Architectural Standards.

22. Variances. As set forth in the Declaration, where circumstances require, the Architectural Control Committee, by the vote or written consent of a majority of the members thereof, may allow reasonable variances as to any of the relevant provisions of the Declaration or these Architectural Standards, subject to such terms and conditions as it shall require. The granting of such a variance shall not operate to waive any of the terms and provisions of the Declaration or these Architectural Standards for any purpose, except as to the particular Lot or Residence, and the particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Owner's use of his Lot, including, but not limited to, zoning ordinances, the Building Envelope or requirements imposed by the City or other governmental authority.

A. All submissions must be made in duplicate and include the following information:

- (a) Custom lot owner's name.
- (b) Custom lot owner's mailing address.
- (c) Business and residence telephone numbers (including area code).
- (d) Lot and tract number (site of proposed construction).
- (e) Street address of custom lot site.
- (f) Name and address and business phone number of architect or owner's representative.
- (g) A submission fee of Three Hundred Dollars (\$300.00). In the event that more than two (2) reviews are required by the Architectural Control Committee or the Architectural Consultant, the Architectural Control Committee reserves the right to levy a charge of One Hundred Dollars (\$100.00) per submittal against the Owner.

B. INITIAL PLAN SUBMITTAL

The Initial Plan Submittal represents the initial required submission to the Architectural Control Committee. At this stage, the Committee will focus on architectural form and the relationship of the proposed residence and related improvements to neighboring homes. This submission represents a preliminary review of the owner's plans and the Architectural Control Committee's review shall be conducted to provide further design Standards and an indication of the

consultants' performance with respect to specific design standards set forth herein.

The documentation required to constitute a complete submission for the schematic design submittal include two (2) sets of each of the following documents:

1. Site Plan: Minimum scale of $1/8" = 1'$

- (a) Show Lot lines accurately in accordance with the rewarded tract map, including length, angles and amount of curve.
- (b) Show all buildings, structures, fences, setbacks, sidewalks, slopes and street rights-of-way contiguous to the Lot.
- (c) Show all dimensions on work to be considered, distances between existing and proposed work, and distances between the proposed work and property lines.
- (d) Show property lines and setbacks in accordance with recorded tract map, together with any easements as may be within or adjacent to the Lot.

2. Preliminary Grading Plan: Minimum scale of $1/4" = 1'$

- (a) Show existing contours and proposed changes to the finished grade. Changes of finished grade must be accompanied by a grading plan prepared by a registered civil or professional engineer or licensed surveyor.

3. Preliminary Elevations: Minimum scale of $1/8" = 1'$

- (a) Elevation drawings should include at least four (4) building elevations identified as front elevation (private street side) rear elevation, and both sides of the proposed Residence.

4. Preliminary Floor Plans: Minimum scale $1/4" = 1'$

- (a) Proposed floor plan should indicate all walls, columns, opening and any conditions or features that will affect the exterior design of the Residence.
- (b) Dimension accurately outlining parts of plan and details, including decks, atriiums, garages and square footages of total living area of Residence.
- (c) Include notes on all items of the exterior of the Residence that cannot be clearly noted on the Schematic Elevations.

5. Preliminary Roof Plan: Minimum scale of $1/8" = 1'$

- (a) Show plan of proposed roofs with sloped pitches and ridge heights above pad elevation.
- (b) Show materials of all proposed roofs.
- (c) Indicate any unusual conditions or construction resulting from this work.

(d) Screens, walls or parapets to conceal roof mounted equipment.

6. Preliminary Site Plan: Minimum scale of 1/8" = 1'

(a) Indicate dimensions of the Residence, setbacks, drainage, cross-lot drainage conditions, if any, walls, decks, proposed landscaping, grade elevations, and recreational facilities, if any.

7. Exterior Colors and Finishes.

(a) Provide a material color sample board, with a minimum size of 18" x 24", showing proposed exterior finish colors for all walls, roofs, window and door jambs and sills, and any other finished materials contemplated for use.

(b) Provide a sample of finished roofing material contemplated for use.

(c) Indicate materials, textures and colors of all hardscape improvements.

C. WORKING DRAWINGS SUBMITTAL

Following the approval of all plans submitted in the Initial Plan Submittal, the second submittal shall be made to the Architectural Control Committee. This required submission shall include the full construction working drawings that detail exactly how the Residence and other improvements are to be constructed. Any deviation from these documents, once approved, must be approved in writing by the Architectural Control Committee prior to their implementation.

To constitute a completed submission, the following documents will be required:

(a) Final working drawings in a form contemplating submission to the Building Department of the City of Palmdale. The working drawings should include at least the following:

- (1) Site Plan;
- (2) Grading and Drainage Plan;
- (3) Foundation and Details;
- (4) Floor Plan and Details;
- (5) Complete Electrical;
- (6) Complete HVAC;
- (7) Plumbing; and
- (8) Door and Finish Schedule

(b) Landscape Plans:

- 1) Proposed trees, shrubs, turf and ground covers noting size, location, quantity and species and common and botanical names;
- 2) All details and specifications for landscaping installed, including header boards strips, staking details, etc. Provide sections and details for all garden and retaining walls;

- 3) Unless already shown on architectural site plans, show and describe all hardscape, including material, color and finish; and
- 4) Construction details for all garden walls or fences.

(c) Irrigation and Drainage Plan:

- (1) Show location of all irrigation equipment, including clocks, valves, shutoffs, backflow preventers and meters;
- (2) Not all irrigation standards; and
- (3) Locate and include typical details relating to drainage facilities, including drainage inlet and outlet structures and area drains.

(d) Pool, Spa and Fountain Plans if any).

(e) Landscape Lighting Plan (if any).

(f) Tennis Court or Sport Court Plans (if any)

D. REVIEW PROCESS; DECISIONS BY ARCHITECTURAL CONTROL COMMITTEE;

APPEAL

Until all plans and specifications required for each submittal are determined by the Architectural Control Committee to be complete, the Architectural Control Committee may postpone review of any partial submittal. Decision of the Architectural Control Committee to approve, or to disapprove a submittal, together with an explanation of further conditions to be satisfied by the applicant, shall be made within forty-five (45) days after receipt of a completed submittal. Failure by the Architectural Control Committee to act within said forty-five (45) days will constitute an approval of that submittal. Each of the two (2) mandatory submittals shall be subject to the same time period for review and approval/disapproval. The approval of the Architectural Control Committee to any submissions for any work done, or proposed to be done, or in connection with any other matter requiring the approval or consent of the Architectural Control Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent of any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

Neither Declarant, the Association, the Board or the Architectural Control Committee, or the members or designated representatives thereof, shall be liable for damages to any Owner submitting plans or specifications to them for approval, or to any Owner in the Project affected by the Declaration or these Architectural Standards by reason of mistake or judgment, negligence or nonfeasance, , unless due to willful misconduct or bad faith of the Architectural Control Committee. The Association shall indemnify and hold harmless the members of the Architectural Control Committee and members of the Board from and against any and all claims, actions, causes of action or other legal proceeding arising out of or resulting from such mistake in judgment, negligence or nonfeasance. The Architectural Control Committee's approval or disapproval of a Submittal shall be based solely on the considerations set forth in the Declaration and these Architectural Standards, and in such Rules and Regulations as may be promulgated by the Architectural Control Committee, and

the Architectural Control Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plans or design from the standpoint of structural safety and conformance with building or other codes.

Any Owner may appeal a decision of the Architectural Control Committee by submitting a notice of appeal, in writing, to the Board. The written notice must be received by the Board not more than thirty (30) days following the final decisions of the Architectural Control Committee. The Board shall submit such notice to the Architectural Control Committee for review, and the written recommendations of the Architectural Control Committee will be submitted to the board. Within forty-five (45) days following receipt of the notice of appeal, the Board shall render its written decision. The failure by the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the party making such submission.

E. CERTIFICATION BY ARCHITECTURAL CONTROL COMMITTEE

Following the approval of the plans by the Architectural Control Committee, a written instrument shall be provided the Owner evidencing such approval. The City of Palmdale shall not undertake a formal review of plans and specifications until the written certification has been issued and all plans have been stamped "APPROVED" by the Architectural Control Committee.

F. APPROVAL OF CITY

Approval of any proposed or existing Improvement, or completion of an Improvement, by the Architectural Control Committee or the Board shall not be construed to warrant or represent in any way that the Improvement was approved by or complies with the minimum standards of the City. Similarly, approval of any proposed or existing Improvement by the City shall not be construed to constitute approval of such improvement by the Architectural Control Committee.

G. CONFLICTS BETWEEN CITY AND ARCHITECTURAL CONTROL COMMITTEE

In the event of any conflict in the conditions of approval of any proposed Improvements imposed by the City and the approvals adopted by the Architectural Control Committee, the more restrictive of such conditions shall be controlling. Further, nothing herein shall limit the Architectural Control Committee from imposing conditions of approval of any proposed Improvement, which are more restrictive than conditions as may be imposed by the City.

H. INSPECTION OF IMPROVEMENTS

In accordance with Article IX, Section 15, of the Declaration, any member of the Architectural Control Committee, or any duly authorized representative, may, at any reasonable hour and upon reasonable notice, enter and inspect any Improvement to a Lot for which approval of plans by the Architectural Control Committee is required in order to ascertain that the Residence and all related Improvements to the Lot have been constructed according to the plans and specifications approved by the Architectural Control Committee. If the Architectural Control Committee finds that such work was not done in substantial compliance with the approved plans and specifications, it shall notify the Owner, in writing, of such noncompliance, specifying the particulars of noncompliance, and shall require the Owner to remedy the same within thirty (30) days from the date of notification of such noncompliance. The Architectural Control Committee shall have the authority to require the Owner to take such

action as may be necessary to remedy such noncompliance. If noncompliance exists, the Board of Directors of the Association, after Notice and Hearing, as the same is described in the Declaration, may levy a Compliance Assessment against such Owner for the costs of removing or remedying such noncompliance.

A. PRE-CONSTRUCTION REQUIREMENTS

1. Registration of Contractors. Prior to beginning construction, all subcontractors must be registered with California Chateau Homeowner's Association. Each Owner will submit a list of contractors, subcontractors and suppliers to the Property Manager for the Association, and approval of gate entry privileges will be handled at that time.

2. Required Documentation. Prior to commencement of construction, each Owner must submit to the Architectural Control Committee for its files copies of the following documents:

- (a) One (1) copy of the Building Permit issued by the City of Palmdale.
- (b) One (1) full set of working drawings approved and stamped by the City of Palmdale and the Architectural Control Committee; and
- (c) A list of all contractors, subcontractors and suppliers which will remain on file in the principal office of the Architectural Control Committee.

3. Construction Compliance Deposit; Insurance. In accordance with Article II, Section 7(b) of the Supplemental Declaration, the Architectural Control Committee may require that an Owner post a bond, an irrevocable letter of credit, cash or other security to help ensure the construction of the Residence and related Improvements does not cause damage to the private streets or other Common Areas which are owned, managed and maintained by the Association.

In accordance with Article II, Section 7(b) of the Supplemental Declaration, the Architectural Control committee shall require that an Owner procure a comprehensive liability insurance policy naming the Association, Declarant and others as insureds. Please consult the Architectural Committee for the particular requirements of your submittal.

B. TEMPORARY CONSTRUCTION FACILITIES

1. Water Service. Water service has been installed at the curblineline of the property, but no meter has been installed. In order to obtain water service, it will be necessary to contact the Coachella Valley Water District.

2. Electricity. A power outlet has been provided to a box in the front corner of each Lot. For further information, it will be necessary to contact Southern California Edison to arrange for extension of electrical service to the Residence.

3. Temporary Toilet. A temporary toilet in good condition shall be provided for each Lot on which a Residence is in the process of construction. These portable toilet units shall be maintained in a clean, sanitary or odorless condition.

4. Telephone Service. A telephone line has been pulled to the corner of each Lot. It will be necessary to contact General Telephone for extension of telephone service to the Residence.

5. Sewer Service. A sewer lateral has been installed to a point six feet (6') behind the curblin of each Lot. Please consult the sewer plan for the exact location of the sewer lateral.

6. Trash Removal. A steel roll-off dumpster shall be maintained on the Lot during construction. Each owner shall retain a trash removal service on regular intervals so that overflow of refuse and unpleasant odors do not occur

C. CONSTRUCTION REQUIREMENTS

1. Commencement of Construction. Construction shall 'commence within twelve (12) months of the close of escrow for the sale of a Lot, and a Certificate of Occupancy shall be obtained by the Owner within eighteen (18) months of the commencement of construction. If either of these conditions has not been satisfied the, Architectural Control Committee shall have the right, but not the obligation, to demand a resubmission of plans and specifications and such other documentation as it shall, in its discretion, deem necessary and appropriate.

2. Hours of Operation. All construction operations shall be carried on between the hours of 7:00 a.m. and 4:30 p.m. on Monday through Friday. No construction operations or activities shall take place on Saturday or Sunday and national holidays without the written consent of the Association. In the event City Ordinances are more restrictive, such Ordinances shall be controlling.

3. Site Signage. No signs other than an approved address sign will be permitted on Lots, including any improvements thereon, under construction. This includes tradesmen, contractors and installer's signs of any type, including signs identifying the Residence as the site of their activities or operations.

4. Site Maintenance. The General Contractor, Job Superintendent, employees and subcontractors and suppliers shall maintain the Lot in a neat and clean condition at all reasonable times, neatly stockpiling all materials delivered for or generated by the works of improvement, and immediately removing any waste material and debris generated by the work. All streets, gutters and adjacent property shall remain clean and free of dirt, trash, debris or other materials related to or caused by the work. No materials of any type may be placed on adjacent Lots, or the Common areas, including, without limitation, the private streets.

5. Storage. All construction materials and equipment shall be confined to the Lot on which the Residence is being constructed unless specific written information is given by an adjacent landowner for the storage of such materials.

6. Washouts. Concrete trucks shall be limited to washout only on the Lot where the Residence is being constructed.

7. Dust Control. Each Lot Owner will provide adequate dust control during the course of construction.

8. Use of Adjacent Property. Use of adjacent Lots for purposes of access, parking equipment or material storage will not be permitted without the written permission of the adjacent Lot Owner, which shall be on file with the

Architectural Control Committee prior to use of the adjacent Lot(s) for any purpose.

9. Compliance. Every effort will be made by the Association, the Architectural Control Committee and Kaufman and Broad of Southern California, Inc. to assure an orderly buildout of all Improvements to the Lot. The Association, the Architectural Control Committee and Kaufman and Broad of Southern

CALIFORNIA CHATEAU
COMMUNITY Association
Palmdale, California

A. Architectural Standards
for

permanent, portable and/or temporary furniture or equipment in front of house.

As authorized by the California Chateau CC&R's, the Board of Directors has adopted the following standard as it applies to furniture, decorative objects or equipment placed in front of the home.

Acceptable: Decorative *park* benches, fountains or statuary.

Not Acceptable except on a temporary basis: portable basketball hoops. Portable basketball hoops are allowed on the driveways of California Chateau homes as long as they are removed after play. While they may be cumbersome to move, they are not allowed to be permanently parked in a driveway.

Not Acceptable: Traditional *patio* furniture e.g. chairs/tables, chaise lounges or other furniture typically found in ones backyard. Portable BBQ's are also not allowed.

B Architectural Standards
for

front yards, weed free back yards and empty lots.

California Chateau CC&R's already require that all homeowners fully landscape their properties within 6 months of the close of escrow. (Article X, Section 2) Because of the cost of this requirement and the hardships it created in the early 1990's, this requirement has not been enforced. However, with the recession long behind us, all homeowners will be required to finish landscaping their front yards and maintain them appropriately. Further, backyards not currently landscaped, will be required to be weeded twice a year, consistent with the standard imposed on empty lots in October of 1998.

Addendum to California Chateau CC&R's/Architectural Standards (Article IX, Section 5) Adopted by the Board of Directors
March 1, 2000

File with CC&R's

R E G U L A T I O N S F O R C O N S T R U C T I O N

PRE-CONSTRUCTION REQUIREMENTS TEMPORARY CONSTRUCTION
FACILITIES CONSTRUCTION REQUIREMENTS

CALIFORNIA CHATEAU ARCHITECTURAL STANDARDS

PURPOSE AND INTENT

The success of the Custom Lot program at California Chateau can be assured only by establishing quality design standards. The architectural standards are based on the architectural, landscaping and site development requirements that must be met as you improve your Custom Lot. These Architectural Standards shall form the basis and criteria for evaluation of plans and specifications submitted for review and approval to the Architectural Control Committee of California Chateau. These Architectural Standards are not established to stifle the imaginative or creative desires of the future residents of California Chateau, but rather to ensure that certain disciplines will be in effect throughout the development of the Custom Lot program. Accordingly, these Architectural Standards are subject to amendment from time to time.

The Architectural Standards consist of certain restrictions, limitations and suggested Standards within this document that concern, without limitation:

- (a) The conformance of any proposed Improvements with the Architectural Standards set forth herein;
- (b) The conformance of completed Improvements to the previously approved plans and specifications; and
- (c) Construction, exterior additions, reconstruction, changes or alterations or maintenance of any Improvement, as well as the nature, shape, height, materials, exterior color surface and location of such Improvements.

The Architectural Control Committee is authorized under the recorded Declaration of Covenants, Conditions and Restrictions of Easements of California Chateau, as amended and supplemented, ("Declaration") to issue Architectural Standards setting forth procedures for submission of plans and specifications for approval, requiring payment of a fee to the Association to accompany each submission. These Architectural Standards are reflective of the authorization granted in the Declaration.

These Architectural Standards, together with the Declaration form the basis and criteria for evaluation of plans and specifications submitted for review and approval by the Architectural Control Committee. In the event of a conflict between these Architectural Standards and any of the provisions of the Declaration shall prevail over those contained herein.

Any condition or material not defined in these Architectural Standards, unless described by the Declaration, will become a matter of discretionary judgment by the Architectural Control Committee, acting in good faith on behalf of the best interests of California Chateau Community Association.

In addition to the Guidelines and Standards set forth herein, all Improvements to your Lot must also, of course, conform to all appropriate city, state and federal building requirements. In some instances, there may be an overlapping of

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS**

Section 1. Membership. Every person or entity who or which is an Owner, as defined in the Declaration, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in any Lot in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

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

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned in the Project upon which Declarant is then paying the appropriate monthly Assessments provided for herein below. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earliest:

(a) The second anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Phase of the Project;

(b) On the fourth anniversary of the original issuance of the Final Subdivision Public Report for Phase I of the Project; or

(c) December 31, 1992.

Any action by the Association which must have the approval of the membership of the Association before being undertaken shall require the vote or written assent of both a majority of the Class B membership as well as a majority of the Class A membership, so long as there are two (2) outstanding classes of membership, unless a specific provision of the Declaration or these By-Laws or the Articles of the Association requires the approval of a greater percentage of the voting membership.

Section 3. Vesting of Voting Rights. The voting rights attributable to any given Lot in the Project as provided for herein shall not vest until the Assessments provided for in the Declaration have been levied by the Association against said Lot.

Section 4. Adjustment of Voting Rights. The voting rights in the Association shall be adjusted upon the annexation of a subsequent Phase as provided for in the Declaration. Such adjustment shall become effective upon the first close of an escrow for the sale of a Lot in such Phase.

Section 5. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Lot, and the membership shall be automatically transferred upon the sale of such Lot. In the event of such sale, the Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Lot, or to the Mortgagee (or third party purchaser of such Lot

CALIFORNIA CHATEAU HOME OWNERS ASSOCIATION DELINQUENCY POLICY

Timely payment of regular and special assessments is of critical importance to the association. Members' failure to pay monthly assessments when due creates a cash flow problem for the association and causes those owners who make timely payment of their assessments to bear a disproportionate share of the community's financial obligations. Therefore, the Board of Directors has enacted the following policies and procedures concerning collection of delinquent assessment accounts:

1. All regular assessments shall be due and payable, in advance, in equal monthly installments, on the first day of each month. Special assessments shall be due and payable on the due date specified by the board in the notice imposing the assessment or in the ballot presenting the special assessment to the members for approval. In no event shall a special assessment be due and payable earlier than 30 days after the special assessment is duly imposed.
2. Regular and special assessments shall be delinquent if not paid within 15 days after they become due, and the association office will send a reminder notice to any owner who has not paid his or her assessment by that time.
3. If any installment payment of a regular assessment, or payment of a special assessment, is not made within 15 days after it has become due, a late payment charge of \$5.00 or ten percent (10%) of the assessment, whichever is greater, shall be imposed, and the association shall be entitled to recover any reasonable collection costs, including attorney fees, that the association then incurs in its efforts to collect the delinquent sums.
4. If an assessment payment is delinquent for more than 30 days, interest shall be imposed on all sums due, including the delinquent assessment, collection costs, and late charges, at an annual percentage rate of twelve percent (12%).
5. If an assessment payment is delinquent for more than 100 days, the association will refer the matter to its attorney for collection and will cause to be recorded in the Los Angeles County Recorder's Office a Notice of Delinquent Assessment concerning all sums that are then delinquent, including the delinquent assessment, late charges, costs, and reasonable attorney fees. Recording this notice creates a lien, which is subject to foreclosure, against the delinquent owner's property.
6. If an assessment payment is delinquent more than 130 days, the association either will cause an action at law to be brought against the owner who is personally obligated to pay the delinquent assessment or will cause a judicial or nonjudicial foreclosure proceeding to be initiated to foreclose its lien against the owner's lot.
7. If a lawsuit or foreclosure procedure is initiated by the association to recover assessments, the association is entitled, by law and by the declaration of

CALIFORNIA CHATEAU DISCLOSURE

It is the policy of Kaufman and Broad of the Antelope Valley Division to disclose the following to prospective purchasers:

The Developer has designated 69 lots (1 through 15, inclusive, 17 through 62, inclusive, and 66 through 73, inclusive) as custom lots for sale for either the construction of custom residences or for the construction of residences from building plans and specifications which were originally drafted and prepared by the Developer and approved for construction by the City.

The affected lots have been made subject to a Supplemental Declaration of Covenants, Conditions, and Restrictions which govern their development.

1. The suitability of the soil of the lots contained within the California Chateau community was tested by Buena Engineers, Inc. You may contact Mr. Mark S. Spykerman, Vice President, for information regarding these tests. The firm's telephone number is (805) 948-7538, and their address is 1024 West Avenue M-4, Lancaster, California 93534. A copy of their soils report is also available for your review in the sales office.

2. Information regarding the public schools serving the California Chateau community can be obtained from the following:

K-8:

The Westside Union School District, 46809 North 70th Street West, Lancaster, California 93536. You should contact Mr. George Reams, the Westside Union School District Superintendent, at (805) 948-2669 for information related to the identity and location of specific schools.

High School:

The Antelope Valley Union High School District, 44811 North Sierra Highway, Lancaster, California 93534. You should contact Dr. Kenneth Brummel, District Superintendent, at (805)948-7655 for information related to the identity and location of specific schools.

3. The following areas of the homes in the California Chateau community are not insulated to retain warmth compatible with their use as principal living areas: Garages in all plans, outdoor deck in Plan 3 per lot, and exterior porches.

4. The following areas of the homes in the California Chateau community are not adequately waterproofed to make such areas suitable for use as habitable living areas: Garages in all plans, outdoor deck in Plan 3 per lot, and exterior porches.

5. Real estate taxes for homes in the California Chateau community are determined by multiplying the annual local tax rate by the full cash value of a property as determined by the County Tax Assessor. For the 1989-90 tax year, the annual local tax rate of Los Angeles County applicable to homes in the California Chateau community will be approximately 1.25% of the purchase price. With the addition of interest and redemption charges on any indebtedness approved by voters prior to July 1, 1978, the total property tax rate in Los Angeles County is July 1, 1978, the total property tax rate in Los Angeles County is approximately 1.25% of the full cash value; although your total tax rate may exceed 1.5% of the full cash value of your property

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."

with the additional special assessments as listed below. For further information regarding tax rates, prospective purchasers should contact Mr. John Lynch, Tax Assessor of Los Angeles County, at (213) 974-3211. The address is 500 West Temple Street, Los Angeles, California 90012.

This subdivision lies within the boundaries of Assessment District No. 87-1 created by the City of Palmdale pursuant to the Municipal Improvement Act of 1913 (Division 12 of the California Streets and Highways Code) and the issuance of assessment bonds under the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code). The cost of financing the purchase and construction of water facility improvements will be allocated among all lots and parcels within the Assessment District. Each residential lot within this subdivision will be subject to a total assessment of \$1,383.81. This assessment is a 20-year obligation and is listed separately on the tax bill. The estimate of annual assessment for each homeowner in the California Chateau community is \$112.53 for each of the tax years 1987 through 1991. Beginning in the tax year 1991-92 the estimate of annual assessment for each homeowner is \$127.12 and will increase from this amount at a rate of approximately 3 1/2 % each year to a maximum amount of \$194.58 in the tax year 2007-08, at which time the assessment will be paid in full. Annual collection costs to the City of Palmdale, not exceeding \$8 per lot or parcel, may be added to this amount.

This subdivision lies within the boundaries of Palmdale Landscape Maintenance Assessment District No. 89-1. Each homeowner in the California Chateau community will pay an assessment every year as part of the property tax bill. The assessment will be based on the proportionate cost of maintaining the landscape areas within the Landscape Maintenance Assessment District. For the tax year 1989-90 the assessment cost is \$80.99, and for the tax year 1990-91 the assessment cost is \$97.09. The City of Palmdale has indicated the total assessment each year is dependent upon the actual cost to operate the District .

The property tax bill for the California Chateau community will also include the following assessments: a Water Availability Stand-by Assessment of \$10 per year per lot; a Los Angeles County Special Water Assessment of \$.20 per \$100 of the assessed value of the home; and a Los Angeles County Sanitation District Assessment of \$28 per year.

For further information, contact Ms. Glenda Jay, Finance Office of the City of Palmdale, at 710 East Palmdale Boulevard, Palmdale, California 93550. Ms. Jay's telephone number is (805) 273-1720.

6. We have constructed and decorated model homes to show prospective buyers what type of features could be incorporated into the California Chateau homes and to be helpful in providing purchasers with possible decorating ideas. Model homes display certain fixtures and furnishings which are identified as "Decorator Items" and are unavailable to buyers even upon payment of an additional charge. The list of Decorator Items is attached to this Disclosure as Exhibit A.

7 In addition, Kaufman and Broad also offers buyers certain Optional Items for fixed additional prices at predetermined stages of construction. At California Chateau, these Optional Items are listed on the following

page:

PRICE

Full Home Security System \$2,200

Kitchen Cabinets Natural Stain Color \$ 750
Secondary Bath Glass Tub Enclosure \$ 125
3rd Car Garage Door Opener \$ 300
Built-In Central Vacuum System \$1,200
Plan 2 Den Conversion to 4th Bedroom \$ 500
Plan 3 Optional Gas Fireplace in Master Bedroom \$2,000
Plan 3 Den Conversion to 5th Bedroom \$ 700
Floor Coverings - Cost Determined With Buyer Selection at

CUTOFF STAGE

Framing Texture Texture Texture Framing Framing Framing Framing
Design Center

You should also note, however, that once the construction process of a home has gone past certain cut-off points, certain options may not be available even for purchase by buyers. Your sales representative can provide you with such cut-off dates for each optional item.

The California Chateau Homeowners Association, of which purchasers become members at the time of purchase, manages and operates the common area in accordance with the Covenants, Conditions, and Restrictions (CC&Rs), Articles of Incorporation, and Bylaws, which govern the association. The common facilities controlled by the California Chateau Homeowners Association include street lighting, landscaping areas, private streets, a security gate, and miscellaneous other expenses. All members will be levied monthly dues for maintenance of all common areas in the community.

Insurance coverage by the Homeowners Association extends only to those common areas of the California Chateau community which are owned by the Association such as the streets, common landscape areas, and detention basins.

The management company for the Association is Community Property Management, 888 West Ventura Boulevard, Camarillo, California 93010. The person to contact is Barbara Mintz at (805) 987-8945.

The subdivider has submitted budgets for the maintenance and operation of the common areas and for long-term reserves when the subdivision is substantially completed (built-out budget) and an interim budget applicable to the California Chateau community. These budgets, which were prepared by subtec Preparation Company, were reviewed by the Department of Real Estate in December 1988. You may obtain copies of these budgets from the subdivider.

8. Under the current built-out budget, the current monthly assessment against each home/lot is \$38; the association may or may not elect to use this budget when additional phases are annexed. Under the interim budget, the monthly assessment per lot will be: Phase 1 - \$117; Phase 2 - \$54; Phase 3 - \$49; Phase 4 - \$43; Phase 5 - \$38. Please note that as more homes are sold, more homeowners will become members of association, therefore, reducing monthly dues per homeowner.

9. Fully-detailed plans and specifications for each California Chateau home are available for inspection at the sales office during normal business hours.

10. One of the optional services provided for Kaufman and Broad customers is assistance in arranging a home purchase loan through KAUFMAN AND BROAD MORTGAGE COMPANY, subject to necessary qualifications by the buyer. There is no

obligation for buyers to use the lending services of Kaufman and Broad Mortgage Company. Buyers may select any lending institution of their choice for the purpose of securing mortgage financing.

11. Kaufman and Broad provides customers with a ten-year Limited Warranty (the "Warranty"). Kaufman and Broad makes no warranty or guarantee, express or implied, except as specifically set forth in the Warranty. You may obtain a copy of the Warranty from your salesperson at any time. A copy of the Warranty will also be given to you before you enter into an agreement to purchase. The Warranty describes our repair and warranty obligations, the procedures for making a warranty claim, and the procedures for the settlement of disputes. In the event that a homeowner is unsatisfied with Kaufman and Broad's rejection or handling of a warranty claim, the homeowner and Kaufman and Broad will participate in the Negotiation and/or Arbitration processes described in detail in the Warranty.

restrictions, to recover not only the amount in default, plus late charges, but also reasonable costs of collection, including title company charges and attorney fees.

8. Payments received on delinquent assessments will be applied to the owner's account by the balance-forward payment method, i.e., in reverse order so that the oldest arrearages are retired first. Thus, an owner's failure to pay interest or late charges on delinquent assessments will result in continued delinquencies. If an owner disputes any late charge or other charge, the disputed items should be identified in writing by the owner, and challenged under the association's dispute resolution procedures.

9. In addition to the foregoing remedies, the association intends to publish a list in the association's newsletter of the names of all owners whose assessment payments are delinquent more than 30 days after the association has complied with paragraphs 1 through 3 of this policy.

upon a foreclosure sale, deed in lieu or other remedy set forth in the Mortgage. Any attempt to make a prohibited transfer is void and will not be reflected in the books and records of the Association.

Section 6. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Any form of proxy or written ballot distributed to the Members of the Association shall afford such Members the opportunity to specify a choice between 'approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that where a Member specifies a choice, the vote shall be cast in accordance with that choice. The proxy shall also identify the person or persons authorized to exercise the proxy. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following:

- (a) the conveyance by the Owner of his Lot;
- (b) the date of automatic termination, if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or
- (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy.

ARTICLE IV MEETINGS OF MEMBERS

Section 1. Organizational and Annual Meetings.

Regular meetings of Members of the Association shall be held not less frequently than once each calendar year at the time and place prescribed by these By-Laws. The first meeting of the Association, whether a regular or special meeting, shall be held within forty-five (45) days after the closing of the sale of the Lot which represents the fifty-first (51st) percentile interest authorized for sale under the original Final Subdivision Public Report for the first Phase of this Project, but in no event shall the meeting be held later than six (6) months after the closing of the sale of the first Lot. At such meetings, there shall be elected by ballot of the Members a Board in accordance with the requirements of the Article herein entitled "Nomination and Election of Directors." The Members may also transact such other business of the Association as may properly come before them.

Section 2. Special Meetings.

A special meeting of the Members of the Association shall be promptly called by the Board upon:

- (a) The vote for such meeting by a majority of a quorum of the Board; or
- (b) Receipt of a written request therefore signed by Members representing at least five percent (5%) of the total voting power of the Association.

No business shall be transacted at a special meeting except as stated in the notice, unless by consent of a quorum of the Owners present, either in person or by proxy.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of such notice by first class mail, postage prepaid. Except in emergency situations, not less than ten (10) days nor more than ninety (90) days notice of any meeting at which Members are required or permitted to take action shall be provided to each Member, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the nature of the 'business to be undertaken at the meeting.

Section 4. Quorum.

The presence, in person or by proxy, of Owners holding at least fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Members' meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30), days from the original meeting date. The quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Association present, in person or by proxy. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Section 5. Action Without Meeting.

Any action, which may be taken by the vote of Members at any regular or special meeting, except the election of Directors where cumulative voting is a requirement, may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association, pursuant to Section 7513 of the California Corporations Code, as same may be amended from time to time. All such written ballots shall be filed with the Secretary of the Association and maintained in the corporate records. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations of ballots shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked. Directors may not be elected by written ballot under this Section.

Section 6. Meetings of the Members.

The meetings of the Members shall be held at the Project or as close thereto as may be designated by the Board.

Section 7. Mortgagee Representation.

First Mortgagees shall have the right to attend all meetings of Members through a representative designated in writing and delivered to the Board.

**ARTICLE V
BOARD OF DIRECTORS:**

SELECTION, TERM OF OFFICE

Section 1. Number and Qualifications of Directors.

The affairs of the Association shall be managed by a Board consisting of five (5) Directors, each of whom, except for those appointed and serving as first Directors, must either be an Owner of a Lot or an authorized agent and representative of Declarant, so long as Declarant is entitled to annex Annexation Property to the Project pursuant to the Declaration.

Section 2. Election and Term of Office.

At the first annual meeting of the Association, the Members shall elect the Directors in accordance with the provisions set forth herein. The three (3) Directors receiving the highest number of votes shall each be elected for a term of two (2) years, and the two (2) Directors receiving the next highest number of votes shall each be elected for a term of one (1) year. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expiration of the terms of past Directors. Following the first annual meeting, the term of office for each successor Director shall be two (2) years. Any person serving as a Director may be reelected, and there shall be no limitation on the number of terms which a Director may serve.

Section 3. Removal.

At any regular or special meeting called, any one (1) or more of the Directors may be removed, with or without cause, as provided herein, and a successor may then and there be elected to fill the vacancy so created. Unless the entire Board is removed from office by the vote of Association Members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Director were then being elected. A Director who has been elected to office solely by the votes of Members of the Association, other than the Declarant, may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members, other than the Declarant.

Section 4. Vacancies.

Vacancies on the Board caused by any reason, other than the removal of a Director by a vote of the Association, shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum, and each Director so elected shall serve until a successor is elected at the next annual meeting of the Association. In the event that a majority of the remaining Directors are unable to agree upon a successor within fifteen (15) days following the occurrence of a vacancy, a special election to fill the vacancy

shall then be held in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors," within not less than ten (10) days nor more than thirty (30) days following the expiration of said fifteen (15) day period. Notice of a special meeting and election shall be given in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors."

Section 5. Compensation of Directors.

No Director shall receive compensation for any service he may render to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however, that a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

**ARTICLE VI
NOMINATION AND ELECTION OF DIRECTORS**

Section 1. Nomination.

Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Nominations may be made from among Members or nonmembers so long as the Class B membership exists. Thereafter, nominations shall only be made from among Members.

Section 2. Election.

Election to the Board shall be by secret written ballot. At such election, the Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is required for all elections in which two (2) or more positions are to be filled; provided, however, that all cumulative voting hereunder shall comply with the procedural requisites of California Corporations Code Section 7615(b), as same may be amended, from time to time, which, as of the date these By-Laws were adopted, provides that no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's or candidates names have been placed in nomination prior to the voting and a Member has given notice at the meeting prior to the voting of said Member's intention to cumulate votes. If any one (1) Member has given such notice, all Members (including Declarant) shall have the right to cumulate votes and give one (1) candidate, or divide among any number of candidates, a number of votes equal to the total number of votes to which said Member is entitled to vote upon other matters multiplied by the number of Directors to be elected.

Section 3. Special Class A Voting Procedures.

Notwithstanding any other provision herein or in any other document regarding this Project to the contrary, from the first election of the Board and thereafter for so long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than twenty percent (20%) of the incumbents on the Board shall be elected solely by the votes of Owners, other than the Declarant. The election of Directors shall be first held by the Members, other than Declarant, who shall elect the number of Directors to the Board which represents twenty percent (20%) of the Board (one [1] Director). Any Owner, with the exception of Declarant, shall be an eligible candidate for this special election. Such election shall be by written ballot, unless a majority of the Members, other than Declarant, determine otherwise. The remaining Directors shall be elected in accordance with the cumulative voting procedures established herein.

ARTICLE VII MEETINGS OF DIRECTORS

Section 1. Regular and Special Meetings.

Regular meetings of the Board shall be held monthly and on such day and at such hour as may be fixed, from time to time, by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Common Area, and shall be communicated to the Directors not less than four (4) days prior to the meeting, unless the time and place of the meeting is fixed by the Directors and duly adopted herein; provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Special meetings of the Board shall be held when called by the President of the Association or by two (2) Directors, other than the President, provided that the Directors receive not less than four (4) days' notice by first-class mail, or forty-eight (48) hours in the case such notice is delivered personally or communicated by telephone or telegraph to the Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be transacted. Such notice, whether delivered personally to the Directors or sent to each Director by letter or by telegram (postage or charges prepaid), shall be to the address reflected in the records of the Association. Notwithstanding the foregoing, notice of the special meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting, or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting. Written notice of a special meeting shall be posted as prescribed for notice of regular meetings. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, an orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 2. Meetings of Directors. The meetings of the Directors shall be held at the Project or as close thereto as may be designated by the Board.

Section 3. Action Without Meeting. The Board may take any action without a meeting if all members of the Board unanimously consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take any such action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consent of all Directors has been obtained.

Section 4. Conduct of Meetings. The President of the Association shall preside over all meetings of the Board held during the Board's term of office. In the event the President shall be absent from any meeting, said meeting shall be presided over by such other Director as may be elected by a majority of a quorum of the Directors. The Secretary of the Association shall act as Secretary of the Board, but in the event the Secretary shall be absent, the President or presiding Director may appoint any person to act as Secretary for the meeting.

Section 5. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 1. Powers.

The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Subject to the provisions of the Articles, the Declaration and these By-Laws, the Board shall have all general powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations, and shall have the following specific powers:

- (a) Enforce the provisions of this Declaration and all contracts or any agreements to which the Association is a party;
- (b) Acquire title, manage, maintain, repair and replace all Common Area and Improvements located thereon, including all personal property, in a neat, clean, safe and attractive condition at all times, and to pay all utilities, gardening and other necessary services for the Common Area, all as more specifically set forth in the Article herein entitled "Repair and Maintenance";
- (c) Maintain fire, casualty, liability and worker's compensation coverage, fidelity bond coverage and other insurance coverage pursuant to the terms of that Article herein entitled "Insurance";
- (d) Obtain, For the benefit of the Common Area, all commonly metered water, gas and electric services, and may provide for refuse collection and cable (or CATV) television service;
- (e) Grant easements or licenses, where necessary, for utilities and sewer facilities over, on and across the Common Area to serve the Project to

any public agency, governmental entity or utility for purposes consistent with the use and enjoyment of the Common Area;

- (f) Pay all taxes and special assessments which would be a lien upon the entire Project or the Common Area, and discharge any lien or encumbrance levied against the entire Project or the Common Area,
- (g) Levy and collect Assessments on the Owners of all Lots in the Project in which Assessments have commenced, "and enforce payment of such Assessments in accordance with the terms and provisions set forth in the Article herein entitled "Effect of Nonpayment of Assessments: Remedies of the Association";
- (h) Pay for reconstruction of any portion of the Common Area damaged or destroyed;
- (i) Employ and retain a professional manager and/or management company to perform all or any portion of the duties and responsibilities of the Board with respect to administration of the Association;
- (j) Enter into any Lot when necessary in connection with maintenance or construction for which the Association is responsible;
- (k) Retain, if deemed appropriate by the Board, and pay for legal and accounting services necessary and proper for the efficient operation of the Association, enforcement of this Declaration, the Rules and Regulations and architectural standards, or in performing any other duties or enforcing any other rights of the Association;
- (l) Contract with Declarant, its successors or assigns, for the purpose of entry into a maintenance and/or subsidy agreement, made by and between Declarant and the Association, for the purpose of reducing the financial obligations of Owners in the Project during the initial Phases of development of the Project; and
- (m) Perform any and all other acts and things that a nonprofit, mutual benefit corporation organized under the laws of the State of California is empowered to do, which may be necessary, convenient or appropriate in the administration of its affairs for the specific purposes of meeting its duties as set forth in this Declaration.

Section 2. Duties.

The Board shall perform and execute, for and on behalf of the Association, all of the duties which have been delegated to the Association as set forth in the Article entitled "Powers and Duties of the Association" in the Declaration.

**ARTICLE IX
OFFICERS AND THEIR DUTIES**

Section 1. Enumeration and Qualifications of Officers.

The officers of this Association shall be a President, Vice President, Secretary and a Treasurer. Said officers shall consist ' only of Members in good standing of the Association. Any Member serving as a Director of the Association may simultaneously serve as an officer thereof.

Section 2. Election of Officers.

The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term.

The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year, unless such officer shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal.

Any officer may be removed from office at any time, with or without cause, by a majority of the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at such later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Office.

The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties.

Duties of the officers are as follows:

- (a) President: The President shall preside at all meetings of the Members of the Association; shall see that orders and resolutions of the Board are carried out; shall cosign all leases, mortgages, deeds and other written instruments, and shall cosign all checks and promissory notes; provided,

however, that the authority to cosign all checks is assignable to a manager for the Project.

- (b) Vice President: The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

- (c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall cosign all contracts, leases or other instruments executed in the name of or on behalf of the Association; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

- (d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board; shall cosign all checks and promissory notes of the Association; provided, however, that the authority to cosign all checks is assignable to a manager for the Project; keep proper books of account; cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year as provided for in the Declaration, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9. Compensation of Officers.

No officer shall receive any compensation for services performed to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however, that an officer may be reimbursed for his actual expenses incurred in the performance of his duties.

**ARTICLE X
OBLIGATIONS OF MEMBERS**

Section 1. Assessments.

All Members are obligated to pay, in accordance with the provisions of the Declaration, all Assessments imposed by the Association to meet all expenses of the Association. All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2. Maintenance and Repair.

Every Member shall be responsible, at his sole cost and expense, for all maintenance and repair work on his Lot, as required in the Article of the Declaration entitled "Repair and Maintenance."

ARTICLE XI COMMITTEES

Section 1. Appointment of Committees.

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XII

INSPECTION OF BOOKS AND RECORDS

Section 1. Availability of Books and Records.

The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, of the Board and of any and all committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Project as the Board shall prescribe.

Section 2. Rules Concerning Inspection.

The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 3. Inspection by Directors.

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

ARTICLE XIII NOTICE AND HEARING

Section 1. Suspension of Privileges.

In the event of an alleged violation of the Declaration, these By-Laws or the Rules and Regulations of the Association, and after written notice of such allegation, as provided below, the Board shall have the right, after conducting a hearing on the matter, as provided below, to discipline any Member by taking any one (1) or more of the following actions:

- (a) levying a Compliance Assessment as provided in the Declaration;
- (b) suspending or conditioning the right of said Member to use any Common Area owned or operated by the Association; or
- (c) suspending said Member's voting privileges. Any such suspension shall be for a period of time not exceeding thirty (30) days for any

noncontinuing violation, but in the case of a continuing violation, including, without limitation, the nonpayment of Assessments which have become delinquent, such suspension may be imposed so long as the violation continues

Section 2. Notice to Member.

Written notice of the alleged violation shall be delivered personally or mailed to the Member by first class or registered mail, return receipt requested, at least fifteen (15) days before the proposed hearing on said alleged violation. Said notice shall contain: (a) an explanation in clear and concise terms of the nature of the alleged violation; (b) a reference to provisions of the Declaration, the Rules and Regulations or these By-Laws which said Member is alleged to have violated; and (c) the time and place for the hearing.

Section 3. Hearing. The hearing shall be conducted by the Board, in executive session, who shall hear the charges and evaluate the evidence concerning the alleged violation. At the hearing, said Member shall have the right to present oral or written evidence concerning the alleged violation. The Board shall render its decision concerning the alleged violation to said Member not less than five (5) days after the hearing, and shall provide a written explanation of the suspension, fine or conditions, if any, imposed by the Board.

ARTICLE XIV AMENDMENTS

Section 1. Amendments to By-Laws.

So long as the two class voting structure provided for herein shall remain in effect, these By-Laws may be amended only by the vote or written assent of fifty-one percent (51%) of the voting power of each class of Members. In addition, so long as Class B membership exists, any amendment to these By-Laws shall be reviewed and approved by the Veterans Administration. At such time as the Class B membership shall cease and be converted to Class A membership, amendments to these By-Laws shall be enacted by requiring the vote or written assent of:

- (a) Fifty-one percent (51%) of the total voting power of the Association; and
- (b) Fifty-one percent (51%) of the votes of Members, other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members, other than the Declarant, necessary to amend a specific provision in these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.

ARTICLE XV CORPORATE SEAL

Section 1. Seal.

The Association shall have a seal in circular form having within its circumference the words:

CALIFORNIA CHATEAU COMMUNITY ASSOCIATION

ARTICLE XVI MISCELLANEOUS

Section 1. Fiscal Year.

The fiscal year of the Association shall be determined by the Board, and having been so determined, is subject to change, from time to time, as the Board shall determine.

Section 2.

All checks drafts or other order for payments of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by the President or Treasurer, and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 3.

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances, and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or in any amount.

Section 4. Dissolution.

Any dissolution of the Association shall require the approval of the Board and the vote or written consent of both:

- (a) individual Members exercising at least a majority of the total voting power of the Association, and
- (b) individual Members exercising at least a majority of the voting power of the Association residing in Members, other than Declarant. Upon the winding-up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to an appropriate public agency or any nonprofit corporation, association or trust, to be used for purposes similar to those for which the Association was created.

Section 5. Conflict.

In the case of any conflict between the Articles and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

requirements, in which case, the more stringent requirements shall apply. The City of Palmdale Building Department should be contacted concerning municipal codes, ordinances and regulations. In the event of any conflicts between these Architectural Standards, the Declaration and the requirements of the City, the most restrictive of such requirements shall be controlling.

ARCHITECTURAL CONTROL COMMITTEE

The architectural Control Committee shall consist of not less than three (3) nor more than five (5) members. Kaufman and Broad of Southern California, Inc., shall appoint all of the original members of the Architectural Control Committee, and replacements thereto. Please refer to Article IX of the Declaration for additional requirements for membership on the Architectural Control Committee. The architectural Control Committee shall have the right to retain architects or other construction specialists as may be necessary to perform its Duties.

The Architectural Consultant for the custom lot program Craig S. Babb, A.I.A. 0 Associates 816 Past Avenue K, Lancaster, California, 93535 (805) 948-0421

The Architectural consultant shall review each set of Schematic and final Plans upon submittal for approval to the Architectural Control Committee who shall have full authority to act on behalf of the Architectural control Committee on all matters so dele-gated.

REVIEW OF PLANS AND SPECIFICATIONS

The Architectural Control Committee shall consider and act upon all plans submitted for its approval and perform all duties required by the Declaration, and such other duties as shall be assigned from time to time by the Board of Directors of the Association, including the inspection of construction in progress to assure its conformance with the plans approved by the Architectural Control Committee.

No construction, installation, alteration, addition modification, exterior redecoration or reconstruction of a Residence and all Improvements related to such Residence including all landscaping shall be commenced until any and all plans and specifications required pursuant to the Declaration and these Architectural Standards, showing the nature, kind, shape, height, width, depth, color, materials and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee. Until changed by the Board, the address for submission of such plans and specifications shall be:

California Chateau Community Association
c/o Kaufman and Broad of Southern California, Inc. 38345-A 30th Street East
Palmdale, California, 93550

The Architectural Control Committee shall approve the plans and specifications submitted for its approval only if it deems that:

- (a) the proposed Improvements will not be detrimental to the appearance of the surrounding area of the Project as a whole;
- (b) the appearance of any structure affected thereby will be in harmony with surrounding structures;

- (c) the proposed Improvements will not detract from the beauty, wholesomeness and attractive-ness of the Common Area, or the enjoyment thereof by the Owners; and
- (d) the upkeep and maintenance thereof will not become a burden on the Association. The Architectural Control Committee may condition its approval of proposals or plans and specifications for any Improvement:
- (e) on such changes therein as it deems appropriate,
- (a) upon the agreement by the person submitting the same to grant appropriate easements to the Association for the maintenance of the Improvement, or
- (b) upon the agreement of the person submitting the same to reimburse the Association for the cost of such maintenance, or all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving the submission.

EXEMPTION OF DECLARANT

In accordance with Article IX, Section 1, of the Declaration, Kaufman and Broad of Southern California, Inc., as Declarant, shall be exempt from compliance with any of the provisions of Article IX of the Declaration or Article II of the Supplemental Declaration and the Submittal Review Process set forth herein as they may related to the original construction and development of California Chateau by Declarant, in accordance with the plans approved by the City. Declarant need not seek approval from the Architectural Control Committee and shall have authority over the construction of any Improvements by Declarant on any Lots owned by Declarant.

ARCHITECTURAL STANDARDS

In addition to the Use Restrictions described in the Declaration, the Specific Architectural Restrictions set forth in Article II, Section 5 of the Supplemental Declaration, the Architectural Control Committee shall give effect to and enforce the following specific Architectural standards and controls which are mandatory and apply to the construction of any works of improvement, including the construction of a Residence, in order to maintain an attractive and harmonious appearance of Residences within the Project:

1. **Single Family Residence.** Each Lot is designed and intended to the construction of one (1) detached single-family dwelling. No multi-family Residences shall be permitted. 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 or more contiguous Lots. In such event, the Architectural Control Committee may permit reasonable variations from specific restrictions set forth in this Section.
2. **Height Restrictions.** The maximum height of any Residence or other improvement permitted on each respective Lot shall not exceed the greater of: (a) the maximum height set forth in the Building Envelope for each lot; or (b) twenty-eight feet (28') at

the ridgeline and eighteen feet (18') at the setback lines as approved by the Architectural Control Committee.

3. Perimeter Wall Height Limitations. On all Lots, side yard walls fencing between Lots shall be kept inside of property lines and shall not be constructed on a property line without the approval of all Lot owners affected. Said approval shall be affixed to plans submitted to the Architectural Control Committee.
 - (a) Front Yard: No walls shall be permitted in the front yard of any Lot.
 - (b) Side Yard: Walls located in the side yards of a Lot shall not exceed six feet, four inches (6'4") above finish grade.
 - (c) Walls which will abut any existing walls located on contiguous Lots shall not exceed the established height of the existing wall, except the heights required by building codes for protection of swimming pools or spas.
 - (d) The height of all walls shall be measured vertically from the approved finish floor at the base of the wall.
 - (e) Side yard walls shall be kept inside the property lines.
 - (f) Structural framing and/or unfinished sides of walls shall not be exposed to any public right-of-way, common area (including the private streets), or any other Lot. All surfaces of perimeter walls must be finished on all sides of the Lots. No exposed, unfinished surfaces shall be permitted.
4. **Minimum Setback Requirements.** The minimum setback requirement for any Residence, garage or other structure, or any fence, wall or other structure to be constructed on any Lot shall be the more restrictive of:
 - (1) the minimum setback prescribed by the City; or
 - (2) the minimum setback established in the Building Envelope for each lot. All building elements including the foundations and overhangs shall be built within the building setback area.

The standard property setbacks are as follows:

- (a) Front Yard: Twenty feet (20') from back of curb to any Residence or wall construction, overhangs may encroach up to ten percent (10%) of setback.
- (b) Rear Yard: Forty feet (40') from any rear property line to the rear of the Residence, overhangs may encroach up to ten percent (10%) of setback.

- (c) Side Yard: Fifteen feet (15') from side yard property line to any Residence, overhangs may encroach up to ten percent (10%) of setback.
- (d) Miscellaneous: Five feet (5') from a property line to any type of water feature, including, without limitation, pools, spas, fountains, ponds, etc.

5. **Minimum Square Footage of Residence.** The minimum net living area for any Residence shall not be less than one thousand nine hundred seventy feet (1,970'), exclusive of attics, decks, patios, courtyards, porches and garages.

6. **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. Gravel or asphalt driveways are expressly prohibited. The driveway shall be of sufficient size and configuration so that no vehicle parked in the driveway shall extend into any street or sidewalk.

7. **Garages. Garage Doors.** An enclosed garage of sufficient size to accommodate at least two (2) vehicles, but not more than four (4) vehicles, shall be constructed. All garage doors must be fully enclosed and be equipped with garage door openers.

8. **Residential Exteriors and Trim.** All materials used on the exterior of a Residence should be compatible with and complimentary to each other and to the overall design and style, texture, color and character of other Residences within California Chateau. All materials should relate or be complimentary to the community. Smooth or sand finish plaster or stucco exterior wall finishes are permitted. Heavy swirl or Spanish lace-type textures are prohibited.

All exterior materials should be authentic and genuine. Simulated or artificial building materials shall not be approved. Galvanized or shiny aluminum trim, gutters or downspouts shall not be permitted. All gutters shall be concealed unless designed as a continuous architectural design feature. Exposed gutters shall be colored to match with the surface to which they are attached. All colors of materials must be approved in writing by the Architectural Control Committee.

Exterior hardscape colors should be complimentary to exterior colors of the Residence.

9. **Roofs.** The roofs for all Residences, garages and other improvements within the Project shall be constructed of "noncombustible" tile, concrete tile or slate. All colors and materials must be approved in writing by the Architectural Control Committee.

Mechanical equipment shall not be visible from any private streets, Common Area or neighboring Lot.

All roof vents shall be colored to match the dominant roofing material.

10. Chimneys. Chimneys cannot exceed those heights required by the building codes of the City of Palmdale. Exposed metal flues are prohibited. All flashing and sheet metal must be colored to match the surfaces to which they are attached.

11. 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 Residences in the Project to the greatest degree possible, without significantly increasing the cost of the system or significantly decreasing its efficiency. No person shall install any such panels or equipment without the prior written consent of the Architectural Control Committee, which will 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 Section 714 of the California Civil Code, as the same may be amended from time to time. In addition, all requirements of the City of Palmdale shall be satisfied.

12. Antennas. No owner shall install, or cause to be installed any television, radio, "citizen's band" (CB) antenna, satellite dish, or similar electronic receiving or broadcasting device on the exterior of any Residence or elsewhere within a Lot, or upon the Common Area.

13. Windows. No window in any Residence shall be covered in whole or in part, inside or outside, with aluminum foil, newsprint, reflective tint or any other material reasonably deemed inappropriate for such use by the Architectural Control Committee.

14. Awnings. Awnings of any nature, type or design are prohibited.

15. Exterior Lighting Facilities. All exterior lighting facilities 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 other Lots or other property within California Chateau.

16. Skylights. Skylights must be designed as an integral part of the roof. Skylight glazing shall be clear, solar bronze or gray only. Skylight framing material shall be bronze anodized or colored to match the roof.

17. Mechanical Equipment. All air conditioning, heating equipment and soft water tanks must be screened from view and insulated for sound attenuation. No "through the wall" or "window" style air conditioning units shall be installed in any Residence, nor shall any air conditioning unit be installed upon the roof of any structure in the Project. The Architectural Control Committee shall have a right to approve or disapprove the location, placement, noise level and screening from view of all air conditioning and ventilating equipment.

18. Utility Meters. To the fullest extent possible, utility meters shall be located so as to be convenient for inspection, but concealed from view.

19. Drainage. Drainage will be in strict accordance with the concept and design shown on the approved site plans. It shall be the responsibility of the owner to insure that the drainage system functions in accordance with the approved design standards. Surface drainage of paved areas must be a minimum of one percent (1%) slope; provided that a swimming pool deck area must be one-half

percent (1/2%) slope and shall be directed to the pool deck and underground drains.

20. Address Signage and Mailboxes. Address identification and mailboxes should be compatible with the architecture, the site and surroundings and should be carefully designed. Address signage and mailbox design must be submitted for approval to the Architectural Control Committee.

21. Landscaping. Each lot shall be landscaped in accordance with the provisions set forth in Article II, Section 5(g) and 5(h) of the Supplemental Declaration. All landscape plans shall be submitted to the Architectural Control Committee and shall be in conformance with these Architectural Standards.

22. Variances. As set forth in the Declaration, where circumstances require, the Architectural Control Committee, by the vote or written consent of a majority of the members thereof, may allow reasonable variances as to any of the relevant provisions of the Declaration or these Architectural Standards, subject to such terms and conditions as it shall require. The granting of such a variance shall not operate to waive any of the terms and provisions of the Declaration or these Architectural Standards for any purpose, except as to the particular Lot or Residence, and the particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Owner's use of his Lot, including, but not limited to, zoning ordinances, the Building Envelope or requirements imposed by the City or other governmental authority.

A. All submissions must be made in duplicate and include the following information:

- (a) Custom lot owner's name.
- (b) Custom lot owner's mailing address.
- (c) Business and residence telephone numbers (including area code).
- (d) Lot and tract number (site of proposed construction).
- (e) Street address of custom lot site.
- (f) Name and address and business phone number of architect or owner's representative.
- (g) A submission fee of Three Hundred Dollars (\$300.00). In the event that more than two (2) reviews are required by the Architectural Control Committee or the Architectural Consultant, the Architectural Control Committee reserves the right to levy a charge of One Hundred Dollars (\$100.00) per submittal against the Owner.

B. INITIAL PLAN SUBMITTAL

The Initial Plan Submittal represents the initial required submission to the Architectural Control Committee. At this stage, the Committee will focus on architectural form and the relationship of the proposed residence and related improvements to neighboring homes. This submission represents a preliminary review of the owner's plans and the Architectural Control Committee's review shall be conducted to provide further design Standards and an indication of the

consultants' performance with respect to specific design standards set forth herein.

The documentation required to constitute a complete submission for the schematic design submittal include two (2) sets of each of the following documents:

1. Site Plan: Minimum scale of $1/8" = 1'$

- (a) Show Lot lines accurately in accordance with the rewarded tract map, including length, angles and amount of curve.
- (b) Show all buildings, structures, fences, setbacks, sidewalks, slopes and street rights-of-way contiguous to the Lot.
- (c) Show all dimensions on work to be considered, distances between existing and proposed work, and distances between the proposed work and property lines.
- (d) Show property lines and setbacks in accordance with recorded tract map, together with any easements as may be within or adjacent to the Lot.

2. Preliminary Grading Plan: Minimum scale of $1/4" = 1'$

- (a) Show existing contours and proposed changes to the finished grade. Changes of finished grade must be accompanied by a grading plan prepared by a registered civil or professional engineer or licensed surveyor.

3. Preliminary Elevations: Minimum scale of $1/8" = 1'$

- (a) Elevation drawings should include at least four (4) building elevations identified as front elevation (private street side) rear elevation, and both sides of the proposed Residence.

4. Preliminary Floor Plans: Minimum scale $1/4" = 1'$

- (a) Proposed floor plan should indicate all walls, columns, opening and any conditions or features that will affect the exterior design of the Residence.
- (b) Dimension accurately outlining parts of plan and details, including decks, atriums, garages and square footages of total living area of Residence.
- (c) Include notes on all items of the exterior of the Residence that cannot be clearly noted on the Schematic Elevations.

5. Preliminary Roof Plan: Minimum scale of $1/8" = 1'$

- (a) Show plan of proposed roofs with sloped pitches and ridge heights above pad elevation.
- (b) Show materials of all proposed roofs.
- (c) Indicate any unusual conditions or construction resulting from this work.

(d) Screens, walls or parapets to conceal roof mounted equipment.

6. Preliminary Site Plan: Minimum scale of 1/8" = 1'

(a) Indicate dimensions of the Residence, setbacks, drainage, cross-lot drainage conditions, if any, walls, decks, proposed landscaping, grade elevations, and recreational facilities, if any.

7. Exterior Colors and Finishes.

(a) Provide a material color sample board, with a minimum size of 18" x 24", showing proposed exterior finish colors for all walls, roofs, window and door jambs and sills, and any other finished materials contemplated for use.

(b) Provide a sample of finished roofing material contemplated for use.

(c) Indicate materials, textures and colors of all hardscape improvements.

C. WORKING DRAWINGS SUBMITTAL

Following the approval of all plans submitted in the Initial Plan Submittal, the second submittal shall be made to the Architectural Control Committee. This required submission shall include the full construction working drawings that detail exactly how the Residence and other improvements are to be constructed. Any deviation from these documents, once approved, must be approved in writing by the Architectural Control Committee prior to their implementation.

To constitute a completed submission, the following documents will be required:

(a) Final working drawings in a form contemplating submission to the Building Department of the City of Palmdale. The working drawings should include at least the following:

- (1) Site Plan;
- (2) Grading and Drainage Plan;
- (3) Foundation and Details;
- (4) Floor Plan and Details;
- (5) Complete Electrical;
- (6) Complete HVAC;
- (7) Plumbing; and
- (8) Door and Finish Schedule

(b) Landscape Plans:

- 1) Proposed trees, shrubs, turf and ground covers noting size, location, quantity and species and common and botanical names;
- 2) All details and specifications for landscaping installed, including header boards strips, staking details, etc. Provide sections and details for all garden and retaining walls;

- 3) Unless already shown on architectural site plans, show and describe all hardscape, including material, color and finish; and
- 4) Construction details for all garden walls or fences.

(c) Irrigation and Drainage Plan:

- (1) Show location of all irrigation equipment, including clocks, valves, shutoffs, backflow preventers and meters;
- (2) Not all irrigation standards; and
- (3) Locate and include typical details relating to drainage facilities, including drainage inlet and outlet structures and area drains.

(d) Pool, Spa and Fountain Plans if any).

(e) Landscape Lighting Plan (if any).

(f) Tennis Court or Sport Court Plans (if any)

D. REVIEW PROCESS; DECISIONS BY ARCHITECTURAL CONTROL COMMITTEE;

APPEAL

Until all plans and specifications required for each submittal are determined by the Architectural Control Committee to be complete, the Architectural Control Committee may postpone review of any partial submittal. Decision of the Architectural Control Committee to approve, or to disapprove a submittal, together with an explanation of further conditions to be satisfied by the applicant, shall be made within forty-five (45) days after receipt of a completed submittal. Failure by the Architectural Control Committee to act within said forty-five (45) days will constitute an approval of that submittal. Each of the two (2) mandatory submittals shall be subject to the same time period for review and approval/disapproval. The approval of the Architectural Control Committee to any submissions for any work done, or proposed to be done, or in connection with any other matter requiring the approval or consent of the Architectural Control Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent of any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

Neither Declarant, the Association, the Board or the Architectural Control Committee, or the members or designated representatives thereof, shall be liable for damages to any Owner submitting plans or specifications to them for approval, or to any Owner in the Project affected by the Declaration or these Architectural Standards by reason of mistake or judgment, negligence or nonfeasance, , unless due to willful misconduct or bad faith of the Architectural Control Committee. The Association shall indemnify and hold harmless the members of the Architectural Control Committee and members of the Board from and against any and all claims, actions, causes of action or other legal proceeding arising out of or resulting from such mistake in judgment, negligence or nonfeasance. The Architectural Control Committee's approval or disapproval of a Submittal shall be based solely on the considerations set forth in the Declaration and these Architectural Standards, and in such Rules and Regulations as may be promulgated by the Architectural Control Committee, and

the Architectural Control Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plans or design from the standpoint of structural safety and conformance with building or other codes.

Any Owner may appeal a decision of the Architectural Control Committee by submitting a notice of appeal, in writing, to the Board. The written notice must be received by the Board not more than thirty (30) days following the final decisions of the Architectural Control Committee. The Board shall submit such notice to the Architectural Control Committee for review, and the written recommendations of the Architectural Control Committee will be submitted to the board. Within forty-five (45) days following receipt of the notice of appeal, the Board shall render its written decision. The failure by the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the party making such submission.

E. CERTIFICATION BY ARCHITECTURAL CONTROL COMMITTEE

Following the approval of the plans by the Architectural Control Committee, a written instrument shall be provided the Owner evidencing such approval. The City of Palmdale shall not undertake a formal review of plans and specifications until the written certification has been issued and all plans have been stamped "APPROVED" by the Architectural Control Committee.

F. APPROVAL OF CITY

Approval of any proposed or existing Improvement, or completion of an Improvement, by the Architectural Control Committee or the Board shall not be construed to warrant or represent in any way that the Improvement was approved by or complies with the minimum standards of the City. Similarly, approval of any proposed or existing Improvement by the City shall not be construed to constitute approval of such improvement by the Architectural Control Committee.

G. CONFLICTS BETWEEN CITY AND ARCHITECTURAL CONTROL COMMITTEE

In the event of any conflict in the conditions of approval of any proposed Improvements imposed by the City and the approvals adopted by the Architectural Control Committee, the more restrictive of such conditions shall be controlling. Further, nothing herein shall limit the Architectural Control Committee from imposing conditions of approval of any proposed Improvement, which are more restrictive than conditions as may be imposed by the City.

H. INSPECTION OF IMPROVEMENTS

In accordance with Article IX, Section 15, of the Declaration, any member of the Architectural Control Committee, or any duly authorized representative, may, at any reasonable hour and upon reasonable notice, enter and inspect any Improvement to a Lot for which approval of plans by the Architectural Control Committee is required in order to ascertain that the Residence and all related Improvements to the Lot have been constructed according to the plans and specifications approved by the Architectural Control Committee. If the Architectural Control Committee finds that such work was not done in substantial compliance with the approved plans and specifications, it shall notify the Owner, in writing, of such noncompliance, specifying the particulars of noncompliance, and shall require the Owner to remedy the same within thirty (30) days from the date of notification of such noncompliance. The Architectural Control Committee shall have the authority to require the Owner to take such

action as may be necessary to remedy such noncompliance. If noncompliance exists, the Board of Directors of the Association, after Notice and Hearing, as the same is described in the Declaration, may levy a Compliance Assessment against such Owner for the costs of removing or remedying such noncompliance.

A. PRE-CONSTRUCTION REQUIREMENTS

1. Registration of Contractors. Prior to beginning construction, all subcontractors must be registered with California Chateau Homeowner's Association. Each Owner will submit a list of contractors, subcontractors and suppliers to the Property Manager for the Association, and approval of gate entry privileges will be handled at that time.

2. Required Documentation. Prior to commencement of construction, each Owner must submit to the Architectural Control Committee for its files copies of the following documents:

- (a) One (1) copy of the Building Permit issued by the City of Palmdale.
- (b) One (1) full set of working drawings approved and stamped by the City of Palmdale and the Architectural Control Committee; and
- (c) A list of all contractors, subcontractors and suppliers which will remain on file in the principal office of the Architectural Control Committee.

3. Construction Compliance Deposit; Insurance. In accordance with Article II, Section 7(b) of the Supplemental Declaration, the Architectural Control Committee may require that an Owner post a bond, an irrevocable letter of credit, cash or other security to help ensure the construction of the Residence and related Improvements does not cause damage to the private streets or other Common Areas which are owned, managed and maintained by the Association.

In accordance with Article II, Section 7(b) of the Supplemental Declaration, the Architectural Control committee shall require that an Owner procure a comprehensive liability insurance policy naming the Association, Declarant and others as insureds. Please consult the Architectural Committee for the particular requirements of your submittal.

B. TEMPORARY CONSTRUCTION FACILITIES

1. Water Service. Water service has been installed at the curblineline of the property, but no meter has been installed. In order to obtain water service, it will be necessary to contact the Coachella Valley Water District.

2. Electricity. A power outlet has been provided to a box in the front corner of each Lot. For further information, it will be necessary to contact Southern California Edison to arrange for extension of electrical service to the Residence.

3. Temporary Toilet. A temporary toilet in good condition shall be provided for each Lot on which a Residence is in the process of construction. These portable toilet units shall be maintained in a clean, sanitary or odorless condition.

4. Telephone Service. A telephone line has been pulled to the corner of each Lot. It will be necessary to contact General Telephone for extension of telephone service to the Residence.

5. Sewer Service. A sewer lateral has been installed to a point six feet (6') behind the curblin of each Lot. Please consult the sewer plan for the exact location of the sewer lateral.

6. Trash Removal. A steel roll-off dumpster shall be maintained on the Lot during construction. Each owner shall retain a trash removal service on regular intervals so that overflow of refuse and unpleasant odors do not occur

C. CONSTRUCTION REQUIREMENTS

1. Commencement of Construction. Construction shall 'commence within twelve (12) months of the close of escrow for the sale of a Lot, and a Certificate of Occupancy shall be obtained by the Owner within eighteen (18) months of the commencement of construction. If either of these conditions has not been satisfied the, Architectural Control Committee shall have the right, but not the obligation, to demand a resubmission of plans and specifications and such other documentation as it shall, in its discretion, deem necessary and appropriate.

2. Hours of Operation. All construction operations shall be carried on between the hours of 7:00 a.m. and 4:30 p.m. on Monday through Friday. No construction operations or activities shall take place on Saturday or Sunday and national holidays without the written consent of the Association. In the event City Ordinances are more restrictive, such Ordinances shall be controlling.

3. Site Signage. No signs other than an approved address sign will be permitted on Lots, including any improvements thereon, under construction. This includes tradesmen, contractors and installer's signs of any type, including signs identifying the Residence as the site of their activities or operations.

4. Site Maintenance. The General Contractor, Job Superintendent, employees and subcontractors and suppliers shall maintain the Lot in a neat and clean condition at all reasonable times, neatly stockpiling all materials delivered for or generated by the works of improvement, and immediately removing any waste material and debris generated by the work. All streets, gutters and adjacent property shall remain clean and free of dirt, trash, debris or other materials related to or caused by the work. No materials of any type may be placed on adjacent Lots, or the Common areas, including, without limitation, the private streets.

5. Storage. All construction materials and equipment shall be confined to the Lot on which the Residence is being constructed unless specific written information is given by an adjacent landowner for the storage of such materials.

6. Washouts. Concrete trucks shall be limited to washout only on the Lot where the Residence is being constructed.

7. Dust Control. Each Lot Owner will provide adequate dust control during the course of construction.

8. Use of Adjacent Property. Use of adjacent Lots for purposes of access, parking equipment or material storage will not be permitted without the written permission of the adjacent Lot Owner, which shall be on file with the

Architectural Control Committee prior to use of the adjacent Lot(s) for any purpose.

9. Compliance. Every effort will be made by the Association, the Architectural Control Committee and Kaufman and Broad of Southern California, Inc. to assure an orderly buildout of all Improvements to the Lot. The Association, the Architectural Control Committee and Kaufman and Broad of Southern