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RECORDING REQUESTED BY:
M. J. BROCK & SONS, INC.
6767 FOREST LAWN DRIVE
LOS ANGELES, CALIF., 90068
ATTN: WAYNE COLMER

\$ 30.00 -

RECORDING REQUESTED BY
TITLE INSURANCE & TRUST CO.

RECORDED IN OFFICIAL RECORDS
OF ORANGE COUNTY, CALIFORNIA

30 Min. 3 P M JUN 29 1976
Past

E. J. WYLE CARLYLE, County Recorder

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by M. J. BROCK & SONS, INC., a Delaware corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the City of Brea, County of Orange, State of California, which is more particularly described as:

See Exhibit "A" attached hereto.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to WINDING WAY COMMUNITY ASSOCIATION, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association (including the improvements thereto) for the common use and enjoyment of the owners. The Common Area to be transferred to the Association concurrently with the conveyance of the first Lot to an Owner is described as follows:

See Exhibit "B" attached hereto.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to M. J. Brock & Sons, Inc., a Delaware corporation, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Institutional Holder" shall mean and refer to any mortgagee or trust deed beneficiary which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 8. "Unit" shall mean and refer to a lot and the improvements thereon.

ARTICLE II
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of ingress and egress and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 30 days for any infraction of its published rules and regulations after reasonable written notice and an opportunity for a hearing before the Board of Directors of the Association;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members, has been recorded, provided, however, no such dedication shall impair the ingress and egress to any individual Lot.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Lease of Unit. Any Owner shall have the right to lease his Unit upon such terms and conditions as the Owner may deem advisable, provided any such lease shall be in writing and

provide that the lease be subject to the terms of this Declaration and any failure of lessee to comply with the terms of this Declaration shall be a default under the lease. As used herein, lease shall be defined as any agreement for the leasing or rental of a Unit including, but not limited to, month-to-month rentals.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one 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 vote be cast with respect to any Lot.

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

- (a) when the total votes outstanding in Class A membership equal the total votes outstanding in the Class B membership; or
- (b) two years from the date of the issuance of the most recent Public

Report for a phase of the overall
development; or

(c) On December 30, 1978.

If the total votes of Class A members equal the total votes held by Class B members (the Declarant) at any time in the phases of the development of the Properties so that Class B membership would cease, in accordance with the above, and thereafter, but prior to December 30, 1978, additional lots are annexed to the Properties, Class B membership along with 3 to 1 voting rights shall be re-established as to such additional lots and shall remain in effect until the occurrence of the earliest of the aforesaid events.

Upon the cessation of Class B membership, the Class A members shall have full authority to exercise the rights of membership as set forth herein and in the By-Laws of the Association.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments for capital or other improvements. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title unless expressly assumed by that successor.

Section 2 . Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and the welfare of the residents in the properties and for the improvement and maintenance of the common area and of the other matters required to be undertaken by the Association, and shall include adequate reserves for the periodic repair or replacement of the Common Area facilities and other matters required to be maintained by the Association.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall be One Hundred Seventy Eight Dollars and Eighty Cents (\$178.80). = 14.80

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(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 10% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 10% by a vote or written assent of 51% of each class of members at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements or Other Purposes. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or any other purpose, provided that

any such assessment shall have the vote or written assent of 51% of each class of members.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Any action authorized under Section 3 or 4 shall be taken at a meeting called for that purpose. Written notice of which shall be sent to all members not less than fifteen (15) days nor more than forty-five (45) days in advance of the meeting. A quorum at said meeting shall be 51% of each class of members. If the proposed action is favored by a majority of votes cast at such meeting, but such vote is less than the requisite 51% of each class of members, members who are not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than 30 days from the date of such meeting.

Section 6. Uniform Rate of Assessment; Monthly Collection. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments.
Due Dates. The annual assessments provided for herein shall commence as to all Lots, including Declarant's unsold Lots, on the first day of the month following the conveyance of the first Lot to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed Certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or, upon compliance with the notice provisions set forth in Section 9 hereof, to foreclose the lien (provided for in Section 1 of Article IV hereof) against the Lot, and there shall be added to the amount of such assessment the late charge, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said interest and reasonable attorneys' fees, together with costs of action. Each Owner vests in the Association, or its assigns, the right and power to bring all actions at law or lien foreclosures against such Owner or other Owners for the collection of such delinquent assessments. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Notice of Lien. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of claim of lien 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 in the county in which the Properties are located; said notice of claim must recite a good and sufficient legal description of any Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at Association's option, include interest on the unpaid assessment at the legal rate, plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant.

Section 10. Foreclosure Sale. Any such sale provided for above is to be conducted in accordance with the provisions of

Sections 2924, 2924b and 2924c of the Civil Code of the State of California, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Section 11. Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed \$25.00, to cover the costs of preparing and filing or recording such release.

Section 12. Cumulative Remedies. The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 13. Subordination of the Lien to First Deeds of Trust and First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first deed of trust or first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to foreclosure or deed in lieu of foreclosure as to payments which became due prior to such sale or transfer, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

USE RESTRICTIONS

Section 1. Nothing shall be done or kept on or in any Common Area which will increase the rate of insurance on any Common Area without the approval of the Association. No Owner shall permit anything to be done or kept on or in any Common Area which will result in the cancellation of insurance on any Common Area or which would be in violation of any law.

Section 2. No sign of any kind shall be displayed to the public view on or from any Lot or any Common Area, without the approval of the Association, except such signs on Lots owned by the Declarant and on the Common Area as may be used by the Declarant in connection with the development of the project and the sale of lots, and except such signs as may be displayed in accordance with Section 712 of the California Civil Code. Signs erected, displayed and used by the Declarant in connection with the development of the project shall not be displayed on Common Areas that interfere with the reasonable use of the Common Areas. In no event, however, shall Declarant's use of the Common Area, as herein set forth, continue for a period of more than two (2) years after the conveyance of the Common Area to the Association, or the sale of all of the residential lots within the Properties, whichever is the earlier. All signs shall conform to the City of Brea codes and ordinances.

Section 3. No animals of any kind shall be raised, bred, or kept on any lot, or in any Common Area, except that dogs, cats or other household pets may be kept on lots subject to the approval of the Association, provided that no animal shall be kept, bred or maintained for any commercial purpose.

Section 4. No activity shall be conducted in, or on or about any Lot, building or the Common Area which would structurally change any building except as is otherwise provided herein.

Section 5. There shall be no structural alteration, addition, construction or removal of any building in the project without the approval of the Board of Directors or an architectural committee appointed by the Board of Directors.

Section 6. No professional, commercial or industrial operations of any kind shall be conducted in or upon any Lot or the Common Area except the construction and sale activities as carried on by Declarant in the development and construction of the Lots and Common Areas. The Declarant shall have the right to carry on sales activities in the Common Area but shall have a non-exclusive use of that Common Area for the purpose of conducting sales activities and said sales activities shall not unreasonably interfere with the use of said Common Area by the owners. During the period of development, construction and sales of lots within the properties, the Declarant shall have the right to erect temporary structures on Common Areas and Lots owned by the Declarant provided that said temporary structures, construction activities and sales activities throughout the properties are carried on in a reasonable commercial manner without creating a nuisance. In no event, however, shall Declarant's use of the Common Area, as herein set forth, continue for a period of more than two (2) years after the conveyance of the Common Area to the Association, or the sale of all of the residential lots within the Properties, whichever is the earlier.

Section 7. No vehicle shall be repaired or rebuilt on any Lot so that the same is visible from the adjacent public thoroughfare. No vehicle shall be repaired or rebuilt in any street, or Common Area. No truck trailer, boat, camper, commercial or recreational vehicle other than passenger automobiles and trucks without campers hauling less than one-half ton of cargo shall be parked for longer than forty-eight (48) hours on

any Lot, other than behind setback line, street, driveway or Common Area which are visible to adjoining lot owners or the public thoroughfare. The Board of Directors may designate areas for the parking of such vehicles for longer than forty-eight (48) hours.

Section 8. No illegal activities or any activity which shall create a nuisance shall be carried on upon the properties.

Section 9. There will be no oil-drilling, oil development, oil refining, quarrying or mining operations of any kind permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted in or on any Lot above a plane lying five hundred feet (500') below the surface thereof.

Section 10. No derrick, or other structure, designed for use in boring, mining or quarrying for water, oil, or natural gas, or precious minerals shall be erected, maintained or permitted upon the property.

Section 11. Trash, garbage or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and shall be enclosed so as to not be visible from any public street except when placed at the curbing for the purpose of and on the days of regularly scheduled collection.

ARTICLE VI

DRAINAGE COURSES

Section 1. Each Owner of a Lot in said tract agrees for himself, his heirs, assigns, or successors in interest that he will permit free access by Owners of adjacent or adjoining Lots to slopes or drainageways located on his property which affect said adjacent or adjoining Lots, when such access is

essential for the maintenance or permanent stabilization of said slopes, or maintenance of drainage facilities for the protection and use of properties other than the Lot on which the slope or drainageway is located.

Section 2. Each Owner of a Lot in said tract agrees and covenants for himself and his assigns that he will no in any way interfere with the established drainage pattern over his lot, from adjoining or other lots in said tract, or that he will make adequate provisions for proper drainage in the event it is necessary to change the established drainage pattern over his lot. For the purpose hereof, "established drainage" is defined as the drainage pattern which existed at the time grading of said tract, including the landscaping, if any, of each lot in said tract was completed by the Declarant.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties between the street and the setback line of any residential Lot, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VIII

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GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidity of any one of these covenants, conditions or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of each class of members. Any amendment must be recorded. Article X hereof shall not be amended without the approval of the City of Brea, but such approval must be given within 30 days of the receipt of said proposed amendments. If such approval is not given within the 30-day period, such amendments shall be conclusively deemed approved.

Section 4. FHA/VA Approval. If the Federal Housing Administration (FHA) and the Veterans Administration (VA) are involved, then as long as there is a Class B membership, the following actions will require the prior approval of the FHA and the VA: Annexation of additional properties, mergers and consolidations, dedication or mortgaging of the Common Area, special assessments, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 5. Annexation. (a) Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members. (b) Additional land within the area described as:

See Exhibit "C" attached hereto may be annexed by the Declarant without the consent of members within three (3) years of the date of recording of this instrument provided that the FHA and VA (if applicable) determine that the annexation is in accord with the general plan heretofore approved by them. The commencement date referred to in Article IV, Section 7, shall relate to the conveyance of the first lot within said annexed property.

Section 6. The City of Brea Police Department, Fire Department, the officers and agents of said agencies, shall have the right to come upon all Common Areas in order to enforce the laws of the State of California, and the ordinances of the City of Brea; including the right of investigation to determine if there is a violation of any city ordinance, or state law, subject to the Constitution of the United States and the laws enacted thereunder, and the Constitution of the State of California and the laws enacted thereunder.

Section 7. Rights of Institutional Holders. Anything in this Declaration to the contrary notwithstanding each Institutional Holder shall have the following rights:

(a) Abandonment or termination of the Planned Unit Development as provided for in this Declaration shall not be effective without the prior written approval of not less than Seventy-Five Percent (75%) of the Institutional Holders. Each Institutional Holder shall be entitled to one vote for each mortgage and each trust deed naming said Institutional Holder as mortgagee or beneficiary thereof.

(b) Material amendments to this Declaration, the By-Laws or the Articles of Incorporation of the Association shall not be effective without the prior written consent of not less than Seventy-Five Percent (75%) of such Institutional Holders. Each Institutional Holder shall be entitled to vote as set forth in (a), above.

(c) Upon written request designating same, the Institutional Holder shall receive from the Association the following:

(1) Copies of budgets, notices of assessments, or any other notices or statements provided under this Declaration or By-Laws by the Association to the Owner of the Lot covered by the Institutional Holder's mortgage or deed of trust;

(2) Any audited or unaudited financial statements prepared for the Association and distributed to the Owners;

(3) Copies of notices of meetings of the Owners;

(4) Notice of the decision of the Association to terminate professional management and assume self management;

(5) Notice of any substantial damage to the Common Area;

(6) Notice of the commencement of any condemnation or eminent domain proceedings with respect to the Common Area.

Failure of the Association to provide any of the foregoing to an Institutional Holder who has made a proper request therefor shall not affect the validity of any action related to the foregoing.

In the event the Association is unwilling or unable to provide the foregoing notices, the Owner of the Lot covered by a mortgage or Deed of Trust owned by an Institutional Holder shall provide the same to said Institutional Holder.

Section 8. Easement for Encroachment. If by reason of the design, construction, reconstruction, settlement or shifting of any building or other improvement located on the Properties:

(a) Improvements to the Common Area encroach upon any Lot or Lots;

(b) Improvements on any Lot encroach upon any other Lot;
or

(c) Improvements on any Lot encroach upon the Common Area;

then there shall be deemed an easement in favor of and appurtenant to such encroaching improvement for the continuance, maintenance, repair and replacement thereof.

ARTICLE IX

MAINTENANCE OF INDIVIDUAL LOTS

Section 1. Creation of Standards of Maintenance by Association. The Association shall have the right to establish standards of maintenance to be adhered to by the Owners of Properties. Such standards of maintenance shall be established by a vote of a quorum as provided for in the establishment of special assessments for capital improvements.

Section 2. Duties of Owner. After the establishment of standards of maintenance by the Association in conformity with the procedures for the establishment of a special assessment, the Owner shall be obligated to adhere to the standards of maintenance established by the Association.

Section 3. Notice of Non-compliance and Enforcement. In the event an owner of any Lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors and Association, after approval of two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject. There shall be no entry into a dwelling unit without the express consent of the owner.

Section 4. Limitation of Authority. The Association shall not have the right to establish standards of maintenance as to the interior of any dwelling located upon any lot. The standards of maintenance as set forth herein, shall be only to exterior portions of the premises constructed and to landscaping and maintenance of yard areas between the street and the setback line of any residential lot.

ARTICLE X

RIGHT OF CITY TO COMPEL PERFORMANCE

In consideration of City's approval of the development of the real property to which this Declaration relates, Declarant hereby covenants and agrees, and each Owner of any such Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, and all heirs, executors, administrators, assigns, and successors, and agree as follows:

The Association shall establish written standards of exterior maintenance for the Common Area and Lots, and all improvements thereon, as the Association may from time to time find the welfare of the Association and the owners demand. In establishing such standards, the Association shall consult with the City of Brea. The standards shall be established by the same method as provided herein for making special assessments. If the Association or any owner fails to maintain the common area or lot in accordance with the standards so established, the City of Brea may cause the necessary maintenance to be done to conform with the standards and assess the costs thereof to the Association or owner obligated to so maintain in the same manner as assessments are levied under the City's ordinance for repair of substandard dwellings. All rights of notice, protest and appeal under the ordinance or otherwise provided by law are reserved to the Association and the owner.

ARTICLE XI

MANAGEMENT

Section 1. The Association, acting alone, through its Board of Directors, its officers, manager or other duly authorized representatives may in addition to the powers and duties stated in its Articles of Incorporation, the By-Laws and elsewhere in this Declaration, and subject to the provisions thereof, exercise the rights and powers vested in it by the provision of this Declaration.

Section 2. The Association, through its Board of Directors, officers or other authorized representatives, and for the benefit of all of the Owners of the Property, shall, as may be required from time to time provide, perform, cause to be performed, maintained, acquire, and contract and pay for, out of the Common Funds available to the Association, any or all of the following:

(a) Water, sewer, electrical, gas, cable television and other utilities for the Common Area;

(b) The procurement and maintenance of policies of casualty, liability and fire insurance for the Common Area, as well as fidelity bonds for appropriate agents and employees of the Association each in a sum equal to One Hundred and Fifty Percent (150%) of the maximum annual assessments plus reserves.

(c) The employment of a manager or such other person or persons as the Board may from time to time determine to be necessary or proper for the management of the Common Area or the performance of the Association's duties or the accomplishment of its purposes.

(d) The procurement and furnishing of all supplies (including office supplies, tools and other equipment) reasonably required for use to the management, operation, maintenance, gardening and enjoyment of the Common Area.

(e) The cleaning, painting, maintenance, repair, reconstruction or replacement of all or any portion of the Common Area or Common Facilities.

(f) The furnishing of the service of a gardener to maintain, renew and replace all or any portion of the landscaping and/or green area within the Common Area, and the areas of landscaping or parkways and planters in street areas.

(g) The furnishing of the services of a trash, rubbish and garbage collection agency, whether public or private, for the purpose of removing from the properties all trash, rubbish,

garbage and refuse discarded by the management or the residents of the Properties, in compliance with City of Brea codes and ordinances.

(h) The furnishing of legal and accounting services and fees for the Association and its Board of Directors, officers, manager and authorized representatives, provided that such services and fees are incurred solely in connection with (i) the management, operation and maintenance of the Property, (ii) the performance or enforcement of the provisions of this Declaration or the By-Laws of the Association, (iii) litigation, or (iv) such other matters pertaining to the Common Area as may be approved by vote or written consent of at least a majority of each class of members.

(i) The maintenance and operation of continuous street lighting during the hours of darkness in the streets designated by the City of Brea and the maintenance and operation of lighting in the Common Areas and other locations designated by the City of Brea.

(j) The furnishing of such other services for the use, enjoyment and protection of the Property and the residents thereof as the Association may determine from time to time are reasonable, proper or desirable.

(k) The payment of taxes and assessments duly imposed against all or any portion of the Common Area or personal property of the Association which are not separately imposed upon the individual Owners.

(l) The payment of such other expenses reasonably incurred by the Association in connection with its operations and the performance of its duties stated in its Articles of Incorporation or in its By-Laws or in this Declaration including, but not limited to, the payment of any amount required to discharge the Association's indemnification obligations hereunder or thereunder.

Notwithstanding the foregoing, no contract by the Association with a manager or management agent, or for materials and/or service for the Common Area or the Common Facilities shall be for a period to exceed one year unless approved by the vote or written consent of at least a majority of each class of members.

Section 3. The Association shall indemnify each member of its Board of Directors and each of its officers against any and all expense (including reasonable attorneys' fees) or damage, and shall hold each of them harmless from any and all liability or claim incurred or in any way growing out of such persons having acted in accordance with the Board's instructions, or having performed any duty imposed upon him by the Board or by this Declaration, or having executed or entered into any contract, lease, sub-lease, or other agreement or understanding in the name and on behalf of the Association, or having served or acted in the capacity as a member of the Board of Directors or as an officer of the Association, except, only in an instance where such person is adjudged by the final order, decree or judgment of a court having jurisdiction over the case to have been guilty of willful misconduct or gross negligence. This indemnity shall be for acts done in the scope of the authority of the individual acting as an officer or director of the Association or as an authorized agent of the Association.

Section 4. Enforcement of Bonded Obligations. The bond posted by Declarant to secure the faithful performance of Declarant's commitment to complete common facilities and Common Area improvements shall hereinafter be referred to as the "Bond". The initiation of action to enforce the obligations of the Declarant shall occur as follows:

(a) The Board of Directors of the Association shall consider and vote on the question of action by the Association to enforce

the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within 60 days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board of Directors shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within 30 days after the expiration of the extension.

(b) A special meeting of members shall be held for the purpose of voting to override a decision by the Board of Directors not to initiate action to enforce the obligations under the Bond or on the failure of the Board of Directors to consider and vote on the question. The meeting shall be held not less than 15 days nor more than 30 days after receipt by the Board of Directors of a petition for such a meeting signed by members representing not less than 10% of the total voting power of the Association.

(c) A vote by members of the Association other than the Declarant at the special meeting called for the purpose set forth in (b) above.

(d) A vote of a majority of the voting power of the Association residing in members other than the Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board of Directors shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XII

DAMAGE OR DESTRUCTION

Section 1. In the event of damage to or destruction of any buildings or improvements on any part of the Common Area, the following provision shall govern the repair, restoration

or reconstruction of the damage to said building or improvements:

(a) As soon as practicable after any such damage or destruction, the Board of Directors shall obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damage or destroyed portions of the Common Area to substantially the same condition as they existed prior to the damage and the itemized price asked for such work; and determine the amount of all insurance proceeds available to the Association, as trustee or otherwise, and for the purpose of effecting such repair, reconstruction and restoration and the amount of proceeds of insurance available to the Association to complete said repair, reconstruction or restoration.

(b) If, in the event of any such damage or destruction, insurance proceeds available to the Association are sufficient (when added to any sums actually received by the Association as a result of a Special Assessment made in accordance with Article IV, Section 4 hereof) to cover the costs of repair, reconstruction and restoration of the damage or destroyed portion of the Common Area, then the Association shall, subject to the rights of any mortgagee, cause same to be repaired, reconstructed and restored to substantially the same condition in which they existed prior to the loss.

(c) If, in the event of any such damage or destruction, the insurance proceeds available to the Association are insufficient to cover the estimated costs of repair, reconstruction and restoration of the damage or destroyed portions of the Common Area, then the Association shall make, in accordance with Article IV, Section 4 hereof, a special assessment in the amount of such deficiency on all Owners, and shall cause the damage or destroyed portions of the Common Area to be repaired, reconstructed and restored to substantially the same condition in which they existed

prior to the damage or destruction, utilizing for such purpose the insurance proceeds and the proceeds of such Special Assessment.

ARTICLE XIII

SUSPENSION OF RIGHT OF PARTITION

Section 1. Nothing contained herein shall prohibit the partition or division of joint or common interests of any two or more Owners in any one Lot. In any action of partition by Co-Owners of any one Lot the same shall not be divided in kinds but shall be sold and the subsequent Owner shall be bound by the terms of this Declaration, the Articles of Incorporation and By-Laws as they exist from time to time.

ARTICLE XIV

MORTGAGE AND DEED OF TRUST

Section 1. Violation of any of the covenants, restrictions or conditions contained in this Declaration shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, but all of said covenants, restrictions and conditions shall be binding and effective against each owner of any lot within said property who shall have acquired title thereto by foreclosure, trustee's sale or otherwise.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 29 day of

TO 1945 CA (8-74)

(Corporation)

BK 11792PG1410



STATE OF CALIFORNIA

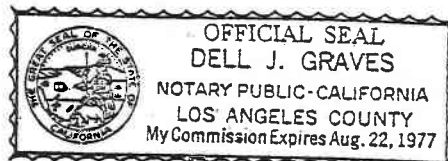
COUNTY OF Los Angeles

SS.

On June 29, 1976 before me, the undersigned, a Notary Public in and for said State, personally appeared Vincent Petralia
known to me to be the Division Manager President/and

Secretary
of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Signature

Dell J. Graves

(This area for official notarial seal)

STAPLE HERE

EXHIBIT "A"

That property situated in the State of California, County of Orange, and described as follows:

Tract No. 9187, in the City of Brea, County of Orange, State of California, as per map recorded in Book 374 pages 19 and 20 of miscellaneous map in the office of the County recorder of said County.

Except therefrom that portion of said land lying below a depth of 500 feet measured vertically from the surface thereof without the right of surface entry.

EXHIBIT "B"

That property situated in the State of California, County of Orange, and described as follows:

That portion of Tract No. 9187 known as Lot A, in the City of Brea, Orange County, State of California, as per map recorded in Book 374 pages 19 and 20 of miscellaneous map in the office of the County recorder of said County.

Except therefrom that portion of said land lying below a depth of 500 feet measured vertically from the surface thereof without the right of surface entry.

EXHIBIT "C"

LEGAL DESCRIPTION OF LAND INCLUDED WITHIN TRACTS 9187, 9236, 9237--
and 9008, CITY OF BREA

Those portions of Lots 11, 12, 13 and 14 in Tract No. 8825, in the City of Brea, County of Orange, State of California, as per map recorded in Book 362, pages 3 through 12, inclusive, of Miscellaneous Maps, Records of said Orange County, lying Easterly and Northerly of the following described line:

Commencing at the Southeast corner of said Lot 12, being a point in a curve concave Southerly with a radius of 530.00 feet, a radial to said point bears North $6^{\circ} 02' 53''$ East; thence Westerly along said curve through a central angle of $12^{\circ} 21' 14''$ to the true point of beginning; thence radially to last mentioned curve, North $6^{\circ} 18' 21''$ West 73.63 feet to a tangent curve concave Easterly with a radius of 350.00 feet; thence Northerly along said curve 157.71 feet through a central angle of $25^{\circ} 49' 04''$; thence tangent to said curve North $19^{\circ} 30' 43''$ East 106.61 feet to a tangent curve concave Southwesterly with a radius of 350.00 feet; thence Northerly and Westerly along said curve 649.52 feet through a central angle of $106^{\circ} 19' 42''$ to a compound curve concave Southerly with a radius of 896.53 feet; thence Westerly along said curve 108.23 feet through a central angle of $6^{\circ} 55' 01''$; thence tangent to said curve South $86^{\circ} 16' 00''$ West 33.51 feet to a tangent curve concave Northerly with a radius of 200.00 feet; thence Westerly along said curve 16.84 feet through a central angle of $4^{\circ} 49' 27''$ to the Westerly line of said Lot 11.