

TRACT NO. 8033
RESTRICTIONS RECORDED APRIL 17, 1973
IN BOOK 10649, PAGE 1, O. R.

**MASTER
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LAURELWOOD IN TUSTIN
(PHASE 1)**

THIS DECLARATION IS MADE ON APRIL 12, 1973, BY U.S. DEVELOPMENT CORPORATION, A CALIFORNIA CORPORATION, ("U.S.") AND BY THE IRVINE COMPANY, A WEST VIRGINIA CORPORATION, (IRVINE), COLLECTIVELY REFERRED TO AS "DECLARANT".

P R E A M B L E

A. IRVINE IS THE OWNER OF CERTAIN REAL PROPERTY IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS:

TRACT 8033, AS SHOWN ON A MAP RECORDED ON JANUARY 12, 1973, IN BOOK 315, PAGES 1 TO 7, INCLUSIVE, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

B. U.S. IS THE OWNER OF A LEASEHOLD INTEREST IN THE ABOVE-DESCRIBED REAL PROPERTY AND IS TENANT UNDER A GROUND LEASE ON SAID REAL PROPERTY DATED DECEMBER 16, 1971, BETWEEN U.S. AND IRVINE. A MEMORANDUM OF SAID GROUND LEASE WAS RECORDED ON DECEMBER 20, 1971, IN BOOK 9933, PAGE 105, OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

C. 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 DESCRIBE PROPERTIES OR ANY PART THEREOF, THEIR HEIRS, SUCCESSORS OR ASSIGNS, AND SHALL INURE TO THE BENEFIT OF EACH OWNER THEREOF.

ARTICLE 1

DEFINITIONS

SECTION 1. "ASSOCIATION" SHALL MEAN AND REFER TO LAURELWOOD HOMEOWNERS 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 THE REAL PROPERTY DESCRIBED ABOVE, AND SUCH ADDITIONS THERETO PURSUANT TO THIS DECLARATION, AS MAY HEREAFTER BE BROUGHT WITHIN THE JURISDICTION OF THE ASSOCIATION.

SECTION 4. "COMMON AREA" SHALL MEAN ALL REAL PROPERTY OWNED BY THE ASSOCIATION FOR THE COMMON USE AND ENJOYMENT OF THE OWNERS. THE COMMON AREA TO BE OWNED BY THE ASSOCIATION AT THE TIME OF THE CONVEYANCE OF THE FIRST LOT IS DESCRIBED AS FOLLOWS:

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LOTS A, B, C, D, E, F, G, AND H OF TRACT 8033, AS SHOWN ON A MAP RECORDED ON JANUARY 12, 1973, IN BOOK 315, PAGES 1 TO 7, INCLUSIVE, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

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 COLLECTIVELY MEAN AND REFER TO U.S., FOR SO LONG AS IT IS OWNER OF THE LEASHOLD INTEREST DESCRIBED ABOVE, AND IRVINE, THEIR 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. "TOWNHOUSE AREA" SHALL MEAN THOSE LOTS WITHIN THE PROPERTIES UPON WHICH TOWNHOUSES, CONSISTING OF ATTACHED ROW RESIDENTIAL STRUCTURES CONTAINING TWO, FOUR OR SIX DWELLING UNITS, ARE OR WILL BE CONSTRUCTED. THE TOWNHOUSE AREA WILL ALSO BE SUBJECT TO A TOWNHOUSE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS BY DECLARANT.

SECTION 8. "MORTGAGE" SHALL MEAN THE CONVEYANCE OF A LOT OR OTHER PORTION OF THE PROPERTIES TO SECURE THE PERFORMANCE OF AN OBLIGATION, WHICH CONVEYANCE SHALL BE VOID UPON FULL PERFORMANCE OF THE OBLIGATION SECURED. THE TERM "MORTGAGE" WHEN USED HEREIN SHALL BE SYNONYMOUS WITH THE TERM "TRUST DEED".

SECTION 9. "PATIO HOME AREA" SHALL MEAN THOSE LOTS WITHIN THE PROPERTIES UPON WHICH DETACHED, SINGLE FAMILY RESIDENTIAL STRUCTURES ARE OR WILL BE CONSTRUCTED. THE PATIO HOME AREA IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOTS 1 TO 82, INCLUSIVE, OF TRACT 8033, AS SHOWN ON A MAP RECORDED ON JANUARY 12, 1973, IN BOOK 315, PAGES 1 TO 7, INCLUSIVE, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.

SECTION 10. "COMMON EXPENSES" SHALL MEAN THE ACTUAL AND ESTIMATED COSTS OF: MAINTENANCE, MANAGEMENT, OPERATION, REPAIR AND REPLACEMENT OF COMMON AREA AND OTHER AREAS (TO THE EXTENT NOT PAID BY THE OWNER RESPONSIBLE FOR PAYMENT), INCLUDING UNPAID SPECIAL RECONSTRUCTION AND CAPITAL IMPROVEMENT ASSESSMENTS; COSTS OF MANAGEMENT AND ADMINISTRATION OF THE ASSOCIATION, INCLUDING, BUT NOT LIMITED TO, COMPENSATION PAID BY THE ASSOCIATION TO MANAGERS, ACCOUNTANTS, ATTORNEYS AND OTHER EMPLOYEES; THE COSTS OF UTILITIES, GARDENING AND OTHER SERVICES BENEFITING THE COMMON AREA; THE COSTS OF FIRE, CASUALTY, LIABILITY, WORKER'S COMPENSATION, AND OTHER INSURANCE COVERING THE COMMON AREA; THE COSTS OF BONDING OF THE MEMBERS OF THE MANAGEMENT BODY; TAXES PAID BY THE ASSOCIATION; AMOUNTS PAID BY THE ASSOCIATION FOR DISCHARGE OF ANY LIEN OR ENCUMBRANCE LEVIED AGAINST THE COMMON AREA OR PORTIONS THEREOF; AND THE COSTS OF ANY OTHER ITEM OR ITEMS DESIGNATED BY, OR IN ACCORDANCE WITH OTHER EXPENSES INCURRED BY, THE ASSOCIATION FOR ANY REASON WHATSOEVER.

THE FOREGOING DEFINITIONS SHALL APPLY TO ANY SUPPLEMENTAL DECLARATION OR DECLARATION WHICH IS RECORDED PURSUANT TO THE PROVISIONS HEREOF.

ARTICLE II

RIGHTS IN COMMON AREA

SECTION 1. OWNERS' RIGHTS OF ENJOYMENT. EVERY OWNER SHALL HAVE A RIGHT OF ENJOYMENT IN AND TO THE COMMON AREA IN ADDITION TO THE RIGHT OF INGRESS AND EGRESS 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 PROMULGATE REASONABLE RULES AND REGULATIONS AND TO CHARGE REASONABLE ADMISSION AND OTHER FEES FOR THE USE OF ANY RECREATIONAL FACILITY SITUATED UPON THE COMMON AREA, AND TO REASONABLY LIMIT THE NUMBER OF GUESTS OF OWNERS;

(B) THE RIGHT, AFTER NOTICE AND HEARING, 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 THIRTY (30) DAYS FOR ANY INFRACTION OF ITS PUBLISHED RULES AND REGULATIONS;

(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 AGREE TO BY THE MEMBERS.

NO SUCH DEDICATION OR TRANSFER SHALL BE EFFECTIVE UNLESS AN INSTRUMENT SIGNED BY TWO-THIRDS (2/3) OF EACH CLASS OF MEMBERS, AGREEING TO SUCH DEDICATION OR TRANSFER, HAS BEEN RECORDED;

(D) THE RIGHT OF DECLARANT AND ITS SALES AGENTS AND REPRESENTATIVES, IN ADDITION TO THE RIGHTS SET FORTH IN ARTICLE VII HEREOF, TO THE NON-EXCLUSIVE USE OF THE COMMON AREA AND FACILITIES FOR MAINTENANCE OF SALES FACILITIES, DISPLAY AND EXHIBIT PURPOSES.

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. TITLE TO COMMON AREA. DECLARANT COVENANTS THAT IT WILL CONVEY FEE SIMPLE TITLE TO THE COMMON AREA TO THE ASSOCIATION, FREE OF ALL ENCUMBRANCES, EXCEPT CURRENT REAL PROPERTY TAXES, WHICH TAXES SHALL BE PRORATED TO THE DATE OF TRANSFER, AND EASEMENTS, CONDITIONS, AND RESERVATIONS THEN OF RECORD INCLUDING THOSE SET FORTH IN THIS DECLARATION. THE CONVEYANCE SHALL BE MADE TO THE ASSOCIATION PRIOR TO OR CONCURRENTLY WITH THE CONVEYANCE OF THE FIRST LOT TO A PURCHASER FROM DECLARANT.

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 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 ANY OF THE FOLLOWING EVENTS, WHICHEVER OCCURS EARLIEST:

- (A) WHEN THE TOTAL VOTES OUTSTANDING IN THE 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 JULY 1, 1976.

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, AND (2) SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS, SUCH ASSESSMENTS TO BE ESTABLISHED AND COLLECTED AS HEREINAFTER PROVIDED. 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 HIS SUCCESSORS IN TITLE UNLESS EXPRESSLY ASSUMED BY THEM.

SECTION 2. **PURPOSE OF ASSESSMENTS.** THE ASSESSMENTS LEVIED BY THE ASSOCIATION SHALL BE USED EXCLUSIVELY TO PROMOTE THE RECREATION, HEALTH, SAFETY, AND WELFARE OF THE RESIDENTS IN THE PROPERTIES AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING FOR THE IMPROVEMENT AND MAINTENANCE OF THE COMMON AREA, FOR ANY REQUIRED LANDSCAPING ON THE INDIVIDUAL LOTS AS PROVIDED IN ARTICLE VIII, SECTION 1, FOR ANY REQUIRED EXTERIOR MAINTENANCE AS PROVIDED IN ARTICLE VIII, SECTION 1, OF THE HOMES SITUATED UPON THE PROPERTIES, AND FOR OTHER DUTIES REQUIRED BY THE DECLARATION TO BE PERFORMED BY THE ASSOCIATION, ALL AS REQUIRED OR PERMITTED BY THE PROVISIONS OF THIS DECLARATION. NOTHING IN THIS DECLARATION SHALL BE CONSTRUED IN SUCH A WAY AS TO LIMIT THE RIGHT OF THE ASSOCIATION TO USE SUCH ASSESSMENTS TO PROTECT AGAINST, BY TAKING SUCH STEPS AS IT DEEMS NECESSARY, INCLUDING, BUT NOT LIMITED TO COMMENCEMENT AND PROSECUTION OF ANY PROCEEDING IN LAW OR IN EQUITY, ANY THREAT, WHETHER ORIGINATING ON OR OFF THE PROPERTIES, TO THE HEALTH, SAFETY, OR WELFARE OF THE RESIDENTS IN THE PROPERTIES.

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SECTION 3. MAXIMUM ANNUAL ASSESSMENT. UNTIL JANUARY 1 OF THE YEAR IMMEDIATELY FOLLOWING THE CONVEYANCE OF THE FIRST LOT TO AN OWNER, THE MAXIMUM MONTHLY ASSESSMENT SHALL BE NINETEEN AND NO/100 DOLLARS (\$19.00) PER LOT.

(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 3% ABOVE THE MAXIMUM ASSESSMENT FOR THE PREVIOUS YEAR WITHOUT A VOTE OF THE MEMBERSHIP. (NOW 9%, SEE AMMENDMENT RECORDED FEBRUARY 9, 1981)

(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 3% BY THE VOTE OR WRITTEN ASSENT OF 51% OF EACH CLASS OF MEMBERS. (NOW 9%, SEE AMMENDMENT RECORDED FEBRUARY 9, 1981)

(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. 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, PROVIDED THAT ANY SUCH ASSESSMENT SHALL HAVE THE VOTE OR WRITTEN ASSENT OF 51% OF EACH CLASS OF MEMBERS, AND PROVIDED THAT ANY SUCH ASSESSMENT IN EXCESS OF ONE THOUSAND DOLLARS (\$1,000.00) SHALL HAVE THE VOTE OR WRITTEN ASSENT OF TWO-THIRDS (2/3) OF THE CLASS A MEMBERS.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 3 AND 4. ANY ACTION AUTHORIZED UNDER SECTION 3 OR 4 SHALL BE TAKEN AT A MEETING CALL FOR THAT PURPOSE, WRITTEN NOTICE OF WHICH SHALL BE SENT TO ALL MEMBERS NOT LESS THAN THIRTY (30) DAYS NOR MORE THAN SIXTY (60) DAYS IN ADVANCE OF THE MEETING. IF THE PROPOSED ACTION IS FAVORED BY A MAJORITY OF THE VOTES CAST AT SUCH MEETING, BUT SUCH VOTE IS LESS THAN THE REQUISITE NUMBER OF EACH CLASS OF MEMBERS, MEMBERS WHO WERE 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 THIRTY (30) DAYS FROM THE DATE OF SUCH MEETING.

SECTION 6. UNIFORM RATE OF ASSESSMENT. 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 FIRST ANNUAL ASSESSMENT PROVIDED FOR HEREIN SHALL COMMENCE AS TO ALL LOTS SUBJECT TO THIS DECLARATION ON THE FIRST DAY OF THE MONTH FOLLOWING THE CONVEYANCE OF THE COMMON AREA. THE FIRST ANNUAL ASSESSMENT SHALL BE ADJUSTED ACCORDING TO THE NUMBER OF MONTHS REMAINING IN A 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. WRITTEN NOTICE OF THE ANNUAL ASSESSMENTS 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. SAID SIGNED

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CERTIFICATE SHALL BE CONCLUSIVE EVIDENCE TO SHOW THAT ALL ASSESSMENTS ACKNOWLEDGED THEREIN HAVE BEEN PAID. NOT WITHSTANDING THE FOREGOING, NO ASSESSMENT SHALL APPLY TO A LOT WITHIN THE PROPERTIES UNTIL THE FIRST DAY OF THE FIRST MONTH FOLLOWING THE MONTH IN WHICH THERE IS CONSTRUCTED ON SUCH LOT, A STRUCTURE FOR USE AS A RESIDENTIAL DWELLING, AND SUCH STRUCTURE IS COMPLETE AND AVAILABLE FOR OCCUPANCY. EACH SUCH LOT SHALL BE SUBJECT TO A PRO RATE SHARE OF THE THEN ESTABLISHED ASSESSMENT.

SECTION 8. EFFECT OF NON-PAYMENT OF ASSESSMENTS; REMEDIES. ANY ASSESSMENT NOT PAID WITHIN THIRTY (30) DAYS AFTER THE DUE DATE SHALL BEAR INTEREST FROM THE DUE DATE AT THE RATE OF 6% PER ANNUM. SUIT TO RECOVER A MONEY JUDGEMENT FOR UNPAID ASSESSMENTS MAY BE MAINTAINED AGAINST THE OWNER PERSONALLY OBLIGATED TO PAY THE SAME WITHOUT FORECLOSING OR WAIVING THE LIEN SECURING SAID ASSESSMENT. THE ASSOCIATION MAY ENFORCE THE LIEN BY SALE IN ACCORDANCE WITH THE PROVISIONS OF THE CALIFORNIA CIVIL CODE APPLICABLE TO THE EXERCISE OF POWERS OF SALE IN MORTGAGES AND TRUST DEEDS, OR BY FORECLOSURE OR IN ANY OTHER MANNER PERMITTED BY LAW. THE ASSOCIATION THROUGH DULY AUTHORIZED AGENTS SHALL HAVE THE POWER TO BID ON THE LOT AT ANY SUCH SALE AND TO HOLD, LEASE, MORTGAGE AND CONVEY THE SAME. 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. IF ANY SUIT OR ACTION IS BROUGHT TO COLLECT ANY SUCH CHARGE, THEN THERE SHALL BE ADDED TO THE AMOUNT THEREOF COSTS OF SUIT AND REASONABLE ATTORNEYS' FEES TO BE FIXED BY THE COURT AND INCLUDED IN ANY JUDGEMENT IN ANY SUCH SUIT OR ACTION.

SECTION 9. NOTICE OF LIEN. NO ACTION SHALL BE BROUGHT BY THE ASSOCIATION TO FORECLOSE SAID ASSESSMENT LIEN OR TO PROCEED UNDER THE POWER OF SALE HEREIN PROVIDED UNTIL 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 WHICH THE PROPERTIES ARE LOCATED, WHICHEVER DATE OCCURS LATER; SAID NOTICE OF CLAIM SHALL CONTAIN A SUFFICIENT LEGAL DESCRIPTION OF ANY SUCH LOT, THE RECORD OWNER OR REPUTED OWNER THEREOF, THE AMOUNT CLAIMED (WHICH MAY AT THE ASSOCIATION'S OPTION INCLUDE INTEREST ON THE UNPAID ASSESSMENT AT SIX PERCENT (6%) PER ANNUM, PLUS REASONABLE ATTORNEYS' FEES AND EXPENSES OF COLLECTION IN CONNECTION WITH THE DEBT SECURED BY SAID LIEN), AND THE NAME AND ADDRESS OF THE ASSOCIATION. UPON THE TIMELY CURING OF ANY DEFAULT FOR WHICH A NOTICE OF CLAIM OF LIEN WAS FILED BY THE ASSOCIATION, ANY TWO OF THE OFFICERS THEREOF 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 REASONABLE FEE, TO BE DETERMINED BY THE ASSOCIATION, TO COVER THE COSTS OF PREPARING AND FILING OR RECORDING SUCH RELEASE.

SECTION 10. SUBORDINATION OF THE LIEN TO MORTGAGES. THE LIEN OF THE ASSESSMENTS PROVIDED FOR HEREIN SHALL BE SUBORDINATE TO THE LIEN OF ANY FIRST MORTGAGE OF RECORD PRIOR TO THE DATE ON WHICH THE LIEN BECAME EFFECTIVE. THE ASSESSMENT LIEN SHALL BECOME EFFECTIVE ON THE DUE DATE AS ESTABLISHED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION. SALE OR TRANSFER OF ANY LOT SHALL NOT AFFECT THE ASSESSMENT LIEN. HOWEVER, THE SALE OR TRANSFER OF ANY LOT PURSUANT TO MORTGAGE FORECLOSURES OR A DEED IN LIEU OF FORECLOSURE, 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.

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SECTION 11. MORTGAGE PROTECTION. NO BREACH OF THE COVENANTS, CONDITIONS OR RESTRICTIONS IN THIS DECLARATION, NOR THE ENFORCEMENT THEREOF OR OF ANY LIEN PROVISION HEREIN, SHALL DEFEAT OR RENDER INVALID THE LIEN OF ANY MORTGAGE OR TRUST DEED MADE IN GOOD FAITH AND FOR VALUE. HOWEVER, ALL OF THE COVENANTS, CONDITIONS AND RESTRICTIONS IN THIS DECLARATION SHALL BE BINDING UPON ANY OWNER WHOSE TITLE IS DERIVED THROUGH FORECLOSURE OR EXERCISE OF A POWER OF SALE.

ARTICLE V

ARCHITECTURAL CONTROL

SECTION 1. APPROVAL REQUIRED. NO BUILDING, FENCE, WALL OR OTHER STRUCTURE SHALL BE COMMENCED, ERECTED, PAINTED OR MAINTAINED UPON THE PROPERTIES, NOR SHALL ANY EXTERIOR ADDITION TO OR CHANGE OR ALTERATION THEREIN BE MADE UNTIL THE PLANS AND SPECIFICATIONS SHOWING THE NATURE, KIND, SHAPE, HEIGHT, COLOR, 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 ARCHITECTURAL REVIEW COMMITTEE AND THE LOT OWNER HAS OBTAINED A BUILDING PERMIT AS MAY BE REQUIRED BY LOCAL GOVERNMENTAL AUTHORITIES. IN THE EVENT THE COMMITTEE FAILS TO APPROVE OR DISAPPROVE SUCH DESIGN AND LOCATION WITHIN THIRTY (30) DAYS AFTER THE 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. NOTWITHSTANDING THE ABOVE, NOTHING IN THIS SECTION SHALL AFFECT THE TOWNHOUSE AREA WHICH SHALL BE SUBJECT TO ARCHITECTURAL CONTROL BY A SEPARATE ARCHITECTURAL REVIEW COMMITTEE PROVIDED FOR IN THE TOWNHOUSE DECLARATION.

SECTION 2. ARCHITECTURAL REVIEW COMMITTEE. AN ARCHITECTURAL REVIEW COMMITTEE IS HEREBY AUTHORIZED WITH THE RIGHTS AND POWERS SET FORTH HEREIN. IT SHALL CONSIST OF THREE MEMBERS WHO ARE OWNERS OF LOTS IN THE PATIO HOME AREA, AND IN THE EVENT OF THE FAILURE OR INABILITY TO ACT OF ANY MEMBER OF SAID COMMITTEE, THE REMAINING MEMBER OR MEMBERS SHALL DESIGNATE A SUCCESSOR. NOTWITHSTANDING THE FOREGOING, DECLARANT SHALL HAVE THE RIGHT AND POWER TO APPOINT OR REMOVE ANY OR ALL MEMBERS OF SAID COMMITTEE OR TO FILL ANY VACANCY UNTIL THE TOTAL VOTES OUTSTANDING IN THE CLASS A MEMBERSHIP EQUAL THE TOTAL VOTES OUTSTANDING IN THE CLASS B MEMBERSHIP. DECLARANT MAY IN ITS DISCRETION AND AT ANY TIME ASSIGN BY WRITTEN ASSIGNMENT ITS POWERS OF REMOVAL AND APPOINTMENT WITH RESPECT TO SAID COMMITTEE TO THE ASSOCIATION, SUBJECT TO SUCH TERMS AND CONDITIONS WITH RESPECT TO THE EXERCISE THEREOF AS DECLARANT MAY IMPOSE. ON THE EARLIER OF THE DATE SEVENTY-FIVE PERCENT (75%) OF THE LOTS IN THE PROPERTIES SUBJECT TO THE DECLARATION ARE SOLD, OR THE DATE THREE (3) YEARS FOLLOWING RECORDATION OF THIS DECLARATION, THE ASSOCIATION SHALL ASSUME THE FUNCTIONS OF THE ARCHITECTURAL REVIEW COMMITTEE AND MAY OPERATE THE SAME THROUGH A COMMITTEE APPOINTED BY ITS BOARD OF DIRECTORS UNLESS THE COMMITTEE IS ABOLISHED BY A VOTE OF A MAJORITY OF THE OWNERS. AT ANY TIME AFTER THE DATE SET FORTH ABOVE, MEMBERS OF SAID COMMITTEE MAY BE REMOVED AT ANY TIME BY THE BOARD OF DIRECTORS OF THE ASSOCIATION AND NEW MEMBERS SELECTED BY SAID BOARD OF DIRECTORS. NO MEMBER OF THE COMMITTEE SHALL BE LIABLE TO ANY PERSON FOR HIS DECISIONS OR FAILURE TO ACT IN MAKING DECISIONS AS A MEMBER OF SAID COMMITTEE.

ARTICLE VI

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. IRVINE AND U.S., FOR SO LONG AS THEY OWN THEIR RESPECTIVE INTERESTS IN THE PROPERTIES AS DESCRIBED IN THE PREAMBLE HERETO, THE ASSOCIATION, THE CITY OF TUSTIN, OR ANY OTHER 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. IN ANY LEGAL OR EQUITABLE PROCEEDING FOR THE ENFORCEMENT, OR TO RESTRAIN THE VIOLATION, OF ANY PROVISION OF THIS DECLARATION, THE LOSING PARTY OR PARTIES SHALL PAY THE ATTORNEYS' FEES OF THE PREVAILING PARTY OR PARTIES, IN SUCH AMOUNT AS MAY BE FIXED BY THE COURT IN SUCH PROCEEDING. ALL REMEDIES PROVIDED HEREIN AT LAW OR IN EQUITY SHALL BE CUMULATIVE AND NOT EXHAUSTIVE. FAILURE BY THE ASSOCIATION, THE CITY OF TUSTIN, IRVINE, U.S., OR ANY OTHER OWNER TO ENFORCE ANY COVENANT OR RESTRICTION HEREIN CONTAINED SHALL IN NO EVENT BE DEEMED A WAIVER OF THE RIGHT TO DO SO THEREAFTER. THE CONTENTS OF THIS DECLARATION HAVE BEEN REVIEWED AND APPROVED BY THE CITY OF TUSTIN.

SECTION 2. SEVERABILITY. INVALIDATION OF ANY ONE OF THESE COVENANTS OR RESTRICTIONS BY JUDGEMENT OR COURT ORDER SHALL IN NO WAY AFFECT ANY OTHER PROVISIONS WHICH SHALL REMAIN IN FULL FORCE.

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 75% OF THE LOT OWNERS. ANY AMENDMENT MUST BE RECORDED. (NOW 30%, SEE AMMENDMENT RECORDED FEBRUARY 9, 1981)

SECTION 4. (A) ANNEXATION. 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) **STAGED DEVELOPMENTS.** ADDITIONAL LAND WITHIN THE AREA DESCRIBED IN EXHIBIT "A" WHICH IS ATTACHED AND INCORPORATED HEREIN, MAY BE ANNEXED BY THE DECLARANT WITHOUT THE CONSENT OF THE MEMBERS WITHIN FIVE (5) YEARS OF THE DATE OF THIS INSTRUMENT PROVIDED THAT THE ANNEXATION IS IN ACCORD WITH THE GENERAL PLAN OF DEVELOPMENT OF THE PROPERTIES. DECLARANT OR ITS SUCCESSORS IN INTEREST SHALL RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF ORANGE, A DECLARATION OF ANNEXATION SETTING FORTH THE LEGAL DESCRIPTION OF THE TERRITORY TO BE ADDED BY ANNEXATION AND PROVIDING THAT THE OWNERS OF LOTS IN THE TERRITORY TO BE ANNEXED SHALL AUTOMATICALLY BECOME MEMBERS OF THE LAURELWOOD HOMEOWNERS ASSOCIATION. ANY PORTION OF SUCH ANNEXED TERRITORY WHICH IS TO BE DEVELOPED AS A TOWNHOUSE AREA SHOULD BE SEPARATELY BE DESCRIBED AS A TOWNHOUSE AREA, AND OWNERS OF LOTS WITHIN THE TOWNHOUSE AREA SHALL ALSO AUTOMATICALLY BECOME MEMBERS OF THE LAURELWOOD TOWNHOUSE ASSOCIATION. THEREAFTER, THE RIGHTS AND OBLIGATIONS OF ALL OWNERS OF LOTS LOCATED IN THE ANNEXED TERRITORY SHALL BE THE SAME AS THE RIGHTS AND OBLIGATIONS OF THE OWNERS OF THE LOTS AFFECTED IN THIS DECLARATION.

ARTICLE VII

USES PROHIBITED AND PERMITTED

SECTION 1. NO LOT SHALL BE USED FOR ANY PURPOSE OTHER THAN ONE SINGLE FAMILY RESIDENCE. PROVIDED, HOWEVER, THAT LOTS AND DWELLING UNITS OWNED BY DECLARANT OR ITS NOMINEES MAY BE USED AS MODELS AND SALES OFFICES AND CONSTRUCTION OFFICES.

SECTION 2. NO NOXIOUS OR OFFENSIVE ACTIVITIES (INCLUDING BUT NOT LIMITED TO THE OUTDOOR REPAIR OF MOTOR VEHICLES) SHALL BE CARRIED ON UPON THE PROPERTIES; NO MOTORCYCLES OR MOTOR DRIVEN VEHICLES (EXCEPT LAWN MAINTENANCE EQUIPMENT) SHALL BE OPERATED ON ANY WALKWAYS OR SIDEWALKS WITHIN THE PROPERTIES; NO VEHICLE WHICH SHALL NOT BE IN AN OPERATING CONDITION SHALL BE PARKED OR LEFT ON ANY STREET OR ON THE PROPERTIES OTHER THAN INSIDE A CARPORT. NO BOAT, TRAILER, RECREATION VEHICLE, CAMPER, TRUCK OR VEHICULAR MACHINE SHALL BE PERMITTED TO REMAIN FOR MORE THAN FORTY-EIGHT (48) HOURS ON ANY STREET OR ON ANY PART OF THE PROPERTIES OTHER THAN IN A GARAGE OR CARPORT OR, IN THE CASE OF BOATS, TRAILERS, RECREATION VEHICLES, TRUCKS AND CAMPERS, IN A STORAGE AREA DESIGNATED FOR SUCH STORAGE PURPOSE BY THE ASSOCIATION. THE GARAGES AND CARPORTS SHALL BE USED FOR PARKING VEHICLES AND STORAGE PURPOSES ONLY AND SHALL NOT BE CONVERTED FOR LIVING OR RECREATIONAL ACTIVITIES. NO BOAT, TRUCK, TRAILER, CAMPER OR RECREATION VEHICLE SHALL BE USED AS A LIVING AREA WHILE LOCATED ON THE PROJECT; HOWEVER, TRAILERS FOR USE INCIDENTAL TO THE INITIAL CONSTRUCTION OF THE IMPROVEMENTS ON THE PROJECT MAY BE MAINTAINED THEREON, BUT SHALL BE PROMPTLY REMOVED UPON COMPLETION OF CONSTRUCTION. EXCEPT AS PROVIDED ABOVE, ONLY AUTOMOBILES IN OPERATING CONDITION SHALL BE PARKED IN UNCOVERED PARKING AREAS. CARPORTS SHALL BE USED ONLY FOR STORAGE OF AUTOMOBILES IN OPERATING CONDITION AND SHALL NOT BE USED FOR ANY OTHER PURPOSE WITHOUT THE WRITTEN CONSENT OF THE ARCHITECTURAL REVIEW COMMITTEE. THE BOARD OF DIRECTORS OF THE ASSOCIATION SHALL HAVE THE RIGHT TO DETERMINE IF ANY NOISE OR ACTIVITY CONSTITUTES A NUISANCE.

SECTION 3. NO SIGNS, POSTERS OR DISPLAYS SHALL BE SHOWN OR DISPLAYED ON A LOT EXCEPTING ONE SIGN OR NOTICE OF CUSTOMARY AND REASONABLE DIMENSION WHICH STATES THAT THE PREMISES ARE FOR RENT OR FOR SALE.

SECTION 4. NO OUTSIDE TELEVISION OR RADIO POLE, ANTENNA OR CLOTHESLINE SHALL BE CONSTRUCTED, ERECTED OR MAINTAINED ON ANY LOT. NO WIRING OR INSTALLATION OF AIR CONDITIONING OR OTHER MACHINES SHALL BE INSTALLED ON THE EXTERIOR OF THE BUILDINGS ON THE PROPERTIES OR BE ALLOWED TO PROTRUDE THROUGH THE WALLS OR ROOF OF THE BUILDINGS. NOTWITHSTANDING THE FOREGOING, CABLE TELEVISION CONNECTIONS AND AIR CONDITIONING UNITS MAY BE INSTALLED IN BUILDINGS OWNED BY DECLARANT AT ANY TIME WITHOUT THE CONSENT OF ANY ADJACENT OWNER. SUCH AIR CONDITIONING UNITS MAY BE INSTALLED SUBSEQUENTLY BY LOT OWNERS IN WALLS FACING ENCLOSED PATIO OR YARD AREAS WITHIN A LOT UPON WRITTEN CONSENT OF THE OWNER CLOSEST TO THE PROPOSED INSTALLATION AND THE FILING OF SUCH WRITTEN CONSENT WITH THE ASSOCIATION. FURTHER, EACH OWNER OF AN EASEMENT AREA IN THE PATIO HOME AREA, AS PROVIDED IN ARTICLE XII, SECTION 7, SHALL HAVE THE RIGHT TO CONSTRUCT A PATIO COVER OVER THE EASEMENT AREA TO WITHIN FOUR (4) FEET OF THE NEAREST PORTION OF THE STRUCTURE ON THE SERVIENT TENEMENT, SO LONG AS THE REQUIREMENTS OF ARTICLE V HEREIN ARE FULLY COMPLIED WITH.

SECTION 5. NO FENCE OF ANY KIND OR NATURE SHALL BE ERECTED OR MAINTAINED AROUND ANY PORTION OF THE BUILDINGS, EXCEPT FENCES AND WALLS INSTALLED BY THE DECLARANT AND EXCEPT AS AUTHORIZED BY THE ARCHITECTURAL REVIEW COMMITTEE.

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NOTHING SHALL BE FASTENED OR ATTACHED TO OR INSTALLED UPON ANY FENCE BY NAIL, SCREW OR OTHERWISE, SO AS TO BE VISIBLE FROM ANY PORTION OF THE COMMON AREA, EXCEPT THOSE ATTACHEMENTS OR INSTALLATIONS MADE BY DECLARANT DURING THE COURSE OF INITIAL CONSTRUCTION. FENCES SHALL NOT BE USED FOR HANGING, DRYING OR AIRING CLOTHING, RUGS OR OTHER MATERIALS. NO BUILDING SHALL BE CONSTRUCTED OR EXTENDED SO AS TO REDUCE THE MINIMUM SIDE YARD AS REQUIRED BY THE CITY OF TUSTIN TO SEPARATE THE DWELLING UNITS.

SECTION 6. NO ANIMALS, LIVESTOCK OR POULTRY SHALL BE KEPT ON A LOT EXCEPT THAT DOMESTIC DOGS, CATS, FISH AND BIRDS INSIDE BIRD CAGES, MAY BE KEPT AS HOUSEHOLD PETS WITHIN ANY LOT PROVIDED THAT THEY ARE NOT KEPT, BRED OR RAISED THEREIN FOR COMMERCIAL PURPOSES OR IN UNREASONABLE QUANTITIES. AS USED HEREIN, "UNREASONABLE QUANTITIES" SHALL BE DEEMED TO LIMIT THE NUMBER OF DOGS, CATS AND BIRDS TO TWO (2) EACH. THE ASSOCIATION SHALL HAVE THE RIGHT TO PROHIBIT MAINTENANCE OF ANY ANIMAL WHICH CONSTITUTES, IN THE OPINION OF THE DIRECTORS OF THE ASSOCIATION, A NUISANCE TO ANY OTHER OWNER, DOGS AND CATS BELONGING TO OWNERS, OCCUPANTS OR THEIR INVITEES WITHIN THE PROPERTIES MUST BE EITHER KEPT WITHIN AN ENCLOSURE IN AN ENCLOSED YARD OR ON A LEASH BEING HELD BY A PERSON CAPABLE OF CONTROLLING THE ANIMAL. THE ENCLOSURE MUST BE SO MAINTAINED THAT THE DOG OR CAT CANNOT ESCAPE THEREFROM AND SHALL BE SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS OF THE ASSOCIATION.

SHOULD ANY DOG OR CAT BELONGING TO OCCUPANTS OR OWNERS OF A LOT BE FOUND UNATTENDED OUT OF THE ENCLOSURE AND NOT BEING HELD BY A LEASH BY A PERSON CAPABLE OF CONTROLLING THE ANIMAL, SUCH DOG OR CAT MAY BE REMOVED BY THE ASSOCIATION (OR OTHER OCCUPANT OR OWNER OF PROPERTY WITHIN THE PROPERTIES), OR A PERSON DESIGNATED BY IT SO TO DO, TO A POUND UNDER THE JURISDICTION OF THE LOCAL MUNICIPALITY, INCLUDING THE COUNTY OF ORANGE, IN WHICH THE PROPERTIES ARE SITUATED AND SUBJECT TO THE LAWS AND RULES GOVERNING SAID POUND, OR TO A COMPARABLE ANIMAL SHELTER.

SECTION 7. NO BUSINESS OF ANY KIND SHALL BE PERMITTED OR CONDUCTED ON THE PROPERTIES, EXCEPTING FOR THE BUSINESS OF DECLARANT IN COMPLETING THE CONTRUCTION OF RESIDENCES ON THE PROPERTY AND THE DISPOSING OF THE SAME BY SALE, LEASE OR OTHERWISE, AND EXCEPTING PROFESSIONAL AND ADMINISTRATIVE OCCUPATIONS WITHOUT EXTERNAL EVIDENCE THEREOF.

SECTION 8. MISCELLANEOUS RESTRICTIONS. WITHOUT LIMITING ANY OF THE FOREGOING, NO HORNS, WHISTLES, BELLS OR OTHER SOUND DEVICES, EXCEPT SECURITY DEVICES USED EXCLUSIVELY TO PROTECT THE SECURITY OF THE LOT AND IMPROVEMENTS LOCATED THEREON, SHALL BE PLACED OR USED ON ANY SUCH LOT OR IMPROVEMENTS. THIS PARAGRAPH SHALL NOT PRECLUDE THE USE OF OUTDOOR PATIO SPEAKERS FOR HI-FI, STEREO OR RADIOS WHERE THE SOUND LEVEL IS MAINTAINED AT A REASONABLY LOW LEVEL WITH RESPECT TO ADJOINING PROPERTY.

SECTION 9. ALL GARBAGE AND TRASH SHALL BE PLACED AND KEPT IN COVERED CONTAINERS. IN NO EVENT SHALL SUCH CONTAINERS BE MAINTAINED SO AS TO BE VISIBLE FROM NEIGHBORING PROPERTY EXCEPT WHEN SET OUT FOR A REASONABLE PERIOD OF TIME BEFORE AND AFTER SCHEDULED TRASH PICK-UP TIMES. NO PORTION OF ANY LOT SHALL BE USED FOR THE STORAGE OR ACCUMULATION OF BUILDING MATERIALS, REFUSE OR ANY OTHER MATERIALS OTHER THAN IN CONNECTION WITH APPROVED CONSTRUCTION, UNLESS OBSCURED FROM VIEW OF ADJOINING LOTS AND THE COMMON AREA. THERE SHALL BE NO EXTERIOR FIRES WHATSOEVER EXCEPT BARBEQUE FIRES CONTAINED WITHIN RECEPTACLES THEREOF AND FIRES WITHIN PITS DESIGNATED AND CONSTRUCTED SO AS TO NOT CREATE A FIRE HAZARD.

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SECTION 10. NO BASKETBALL STANDARDS OF FIXED SPORTS APPARATUS SHALL BE ATTACHED TO ANY DWELLING UNIT OR GARAGE OR BE ERECTED ON ANY LOT WITHOUT THE PRIOR APPROVAL OF THE ARCHITECTURAL REVIEW COMMITTEE.

SECTION 11. THERE SHALL BE NO EXTERIOR PAINTING OF DWELLING UNITS OR PATIO OR YARD WALLS BY OR ON BEHALF OF THE OWNERS THEREOF, OR ANY PERSON HOLDING THEREUNDER, NOR REPAIR OR REPLACING OF ORIGINAL ROOFS BY SAID PERSONS WITHOUT THE PRIOR APPROVAL OF THE ARCHITECTURAL REVIEW COMMITTEE, EXCEPT IN THE EVENT THAT SUCH ACTIVITIES ARE UNDERTAKEN IN A TOWNHOUSE AREA IN ACCORDANCE WITH A TOWNHOUSE DECLARATION RECORDED PURSUANT TO ARTICLE I, SECTION 7 HEREOF, IN WHICH CASE THE APPROVAL OF THE ARCHITECTURAL REVIEW COMMITTEE SHALL NOT BE REQUIRED.

SECTION 12. COMMON AREAS. NO IMPROVEMENT, EXCAVATION OR WORK WHICH IN ANY WAY ALTERS ANY COMMON AREA FROM ITS NATURAL OR EXISTING STATE ON THE DATE SUCH COMMON AREA IS CONVEYED BY DECLARANT TO THE ASSOCIATION SHALL BE MADE OR DONE EXCEPT UPON STRICT COMPLIANCE WITH, AND WITHIN THE RESTRICTIONS AND LIMITATIONS OF, THE FOLLOWING PROVISIONS OF THIS SECTION:

(A) NO PERSON OTHER THAN THE ASSOCIATION OR ITS DULY AUTHORIZED AGENTS SHALL ALTER ANY PORTION OF THE COMMON AREA, OR ANY LANDSCAPING THEREON, OR ANY LANDSCAPING OR PAVING ON THE LOTS BEYOND THE FOUNDATION LINES AND ENCLOSED PATIO AREAS WITHIN THE TOWNHOUSE AREA.

(B) THE ASSOCIATION MAY AT ANY TIME, AND FROM TIME TO TIME:

(1) RECONSTRUCT, REPLACE, CONSTRUCT OR REFINISH ANY IMPROVEMENT OR PORTION THEREOF UPON THE COMMON AREA IN ACCORDANCE WITH THE ORIGINAL DESIGN, FINISH OR STANDARD OF CONSTRUCTION OF SUCH IMPROVEMENT, OR OF THE PROJECT, AS THE CASE MAY BE, AND NOT IN ACCORDANCE WITH SUCH ORIGINAL DESIGN, FINISH OR STANDARD OF CONSTRUCTION WITH THE WRITTEN CONSENT OF 75% OF THE VOTING POWER OF THE ASSOCIATION;

(2) CONSTRUCT, RECONSTRUCT, REPLACE OR REFINISH ANY ROAD IMPROVEMENT OR SURFACE UPON ANY PORTION OF COMMON AREA DESIGNATED ON A SUBDIVISION MAP AS A PRIVATE ROAD OR PARKING AREA;

(3) REPLACE DESTROYED TREES OR OTHER VEGETATION AND PLANT TREES, SHRUBS AND GROUND COVER UPON ANY PORTION OF COMMON AREA;

(4) PLACE AND MAINTAIN UPON THE COMMON AREA SUCH SIGNS AS THE ASSOCIATION MAY DEEM NECESSARY FOR IDENTIFICATION, FOR REGULATION OF TRAFFIC, INCLUDING PARKING, THE REGULATION AND USE OF THE COMMON AREA, AND FOR THE HEALTH, WELFARE AND SAFETY OF OWNERS AND GUESTS;

(5) REPLACE OR DESTROY TREES OR OTHER VEGETATION AND PLANT TREES, SHRUBS AND GROUND COVER UPON ANY PORTION OF THE TOWNHOUSE AREA UP TO THE FOUNDATION LINES OF THE BUILDINGS WITHIN ANY LOT AND UP TO THE FENCES INSTALLED BY DECLARANT AND SURROUNDING THE ENCLOSED PATIO AREAS WITHIN ANY LOT.

ARTICLE VIII

DUTIES AND OBLIGATIONS

SECTION 1. DUTIES OF OWNERS. WITHIN NINETY (90) DAYS AFTER THE CLOSE OF HIS ESCROW FOR THE CONVEYANCE OF A LOT IN THE PATIO HOME AREA, THE OWNER SHALL

PLANT LAWNS OR OTHERWISE LANDSCAPE THE FRONT YARD OF HIS LOT EXTENDING FROM HIS FOUNDATION LINE OR FENCE LINE, AS THE CASE MAY BE, TO THE SIDEWALK AS INSTALLED BY THE DECLARANT. THERE SHALL BE NO PAVING OR ALTERING THE AREAS ON THE LOTS LANDSCAPED BY THE DECLARANT IN THE PATIO HOME AREA IN ANY MANNER WITHOUT THE PRIOR APPROVAL OF THE ARCHITECTURAL REVIEW COMMITTEE, EXCEPT IN THE EVENT THAT SUCH ACTIVITIES ARE UNDERTAKEN BY THE ASSOCIATION, IN WHICH CASE THE APPROVAL OF THE ARCHITECTURAL REVIEW COMMITTEE SHALL NOT BE REQUIRED. NO WEEDS, RUBBISH, DEBRIS OR OTHER MATERIALS SHALL BE PLACED OR PERMITTED TO ACCUMULATE UPON ANY PORTION OF THE PROPERTY IN A MANNER WHICH, IN THE OPINION OF THE ARCHITECTURAL REVIEW COMMITTEE, RENDERS THE LOT UNSANITARY, UNSIGHTLY OR OFFENSIVE. IN THE EVENT OF THE FAILURE OF AN OWNER TO COMPLY WITH ANY OF THE FOREGOING REQUIREMENTS, THE ASSOCIATION OR ITS DULY AUTHORIZED AGENTS SHALL HAVE THE RIGHT TO ENTER UPON THE OFFENDING PROPERTY AND REMOVE WEEDS, RUBBISH OR OTHER MATERIALS AND DO ALL THINGS NECESSARY TO PLACE SUCH PROPERTY IN COMPLIANCE WITH THIS SECTION, INCLUDING THE INSTALLATION OF FRONT LAWNS AND LANDSCAPING. THE OWNER OF THE OFFENDING PROPERTY SHALL BE PERSONALLY LIABLE, AND HIS PROPERTY SHALL BE SUBJECT TO A MECHANIC'S LIEN, FOR ALL COSTS AND EXPENSES INCURRED BY THE ASSOCIATION IN TAKING SUCH CORRECTIVE ACTS, PLUS ALL COSTS INCURRED IN COLLECTING THE AMOUNTS DUE. IN ADDITION TO THE FOREGOING, SAID COSTS SHALL FURTHER CONSTITUTE A SEPARATE ASSESSMENT AND SHALL CREATE A LIEN ENFORCEABLE IN THE SAME MANNER AS OTHER ASSESSMENTS AS SET FORTH IN THIS DECLARATION. EACH OWNER SHALL PAY ALL AMOUNTS DUE FOR WORK PERFORMED BY THE ASSOCIATION PURSUANT TO THIS SECTION WITHIN FIVE (5) DAYS AFTER RECEIPT OF WRITTEN DEMAND THEREFOR.

IT SHALL BE THE DUTY OF EACH OWNER TO MAINTAIN, REPAIR, REPLACE AND RESTORE AREAS SUBJECT TO HIS EXCLUSIVE USE (INCLUDING THE EXTERIOR OF THE RESIDENTIAL UNITS IN THE PATIO HOME AREA) IN A NEAT, SANITARY AND ATTRACTIVE CONDITION, SUBJECT TO THE APPROVAL OF THE ASSOCIATION. FOR PURPOSES OF THIS SECTION, AREAS SUBJECT TO AN OWNER'S EXCLUSIVE USE SHALL BE DEEMED TO BE THE EASEMENT AREA, IF ANY, GRANTED TO THE OWNER AS PROVIDED IN ARTICLE XII, SECTION 7, AND ALL PORTIONS OF THE OWNER'S LOT IN THE PATIO HOME AREA WITH THE EXCEPTION OF (1) THE EASEMENT AREA, IF ANY, TO WHICH HIS LOT IS SUBJECT, AND (2) ANY AREA OVER WHICH THE ASSOCIATION HAS THE DUTY TO MAINTAIN AS PROVIDED IN SECTION 2 OF THIS ARTICLE. UPON THE FAILURE OF SAID OWNER TO MAINTAIN AND REPAIR AREAS SUBJECT TO HIS EXCLUSIVE USE, THE ASSOCIATION SHALL HAVE THE RIGHT TO MAKE SUCH REPAIRS OR TO PERFORM SUCH MAINTENANCE, AND THE COST THEREOF SHALL BE CHARGED TO THE OWNER. SAID COST SHALL BE A SEPARATE ASSESSMENT AND SHALL CREATE A LIEN ENFORCEABLE IN THE SAME MANNER AS OTHER ASSESSMENTS AS SET FORTH IN THIS DECLARATION.

SECTION 2. COMMON AREA MAINTENANCE. THE ASSOCIATION SHALL MAINTAIN, OR PROVIDE FOR THE MAINTENANCE OF THE COMMON AREA AND ALL IMPROVEMENTS THEREON, INCLUDING RECREATIONAL FACILITIES, EXCEPT FOR THE CARPORT STRUCTURES ADJACENT TO THE TOWNHOUSE AREA, IN GOOD ORDER AND REPAIR, AND SHALL LIKEWISE MAINTAIN OR PROVIDE FOR THE MAINTENANCE OF COMMON UTILITY LATERALS, AND ALL OF THE UTILITY BUILDINGS, IF ANY. IN ADDITION TO BUILDING AND PAVEMENT MAINTENANCE, THE ASSOCIATION SHALL PROVIDE ALL NECESSARY LANDSCAPING AND GARDENING TO PROPERLY MAINTAIN AND PERIODICALLY REPLACE WHEN NECESSARY THE TREE, PLANTS, GRASS AND OTHER VEGETATION ORIGINALLY PLACED ON THE COMMON AREA BY DECLARANT AND SHALL MAINTAIN THE LANDSCAPING (INCLUDING ALL PAVEMENT REPAIR AND MAINTENANCE) IN THE TOWNHOUSE AREA, UP TO THE FOUNDATION LINES AND THE FENCES INSTALLED BY DECLARANT AND SURROUNDING THE PATIOS, INSIDE THE LOT LINES OF THE OWNERS. NOTWITHSTANDING THE FOREGOING, IN THE EVENT THAT THE NEED FOR MAINTENANCE OR REPAIR OF THE COMMON AREA IS CAUSED THROUGH THE WILLFUL OR NEGLIGENT ACT OF AN OWNER, HIS FAMILY, GUESTS

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OR INVITEES, THE COST OF SUCH MAINTENANCE OR REPAIRS SHALL BE ADDED TO AND BECOME A PART OF THE ASSESSMENT TO WHICH SUCH LOT IS SUBJECT.

THE ASSOCIATION SHALL MAINTAIN ALL SIDEWALKS ADJACENT TO AND PARALLELING ALL STREETS FRONTING THE HOMES IN THE PATIO HOME AREA AND SHALL MAINTAIN THE LANDSCAPING INSTALLED BY DECLARANT IN THE PATIO HOME AREA LOCATED BETWEEN SAID SIDEWALKS AND THE NEAREST PARALLEL ROADWAY. EVEN WHERE SAID SIDEWALK MAINTENANCE AND LANDSCAPING OCCURS OVER A PORTION OF AN OWNER'S LOT. IT SHALL BE THE RESPONSIBILITY OF EACH OWNER IN THE PATIO HOME AREA TO MAINTAIN THE LANDSCAPING ON HIS LOT UP TO SAID SIDEWALKS, EVEH WHERE SAID LANDSCAPING REQUIRES THE OWNER TO MAINTAIN A PORTION OF THE LANDSCAPING ON THE COMMON AREA IMMEDIATELY BEYOND HIS FRONT LOT LINE. EACH OWNER IN THE PATIO HOME AREA WHICH IS GRANTED AN EASEMENT OVER THE LOT LINE OF AN ADJACENT LOT AS PROVIDED FOR IN ARTICLE XII, SECTION 7, SHALL BE RESPONSIBLE FOR THE REPAIR AND PROPER MAINTENANCE OF THE PATIO SCREEN FENCE EXTENDING FROM HIS LOT TO THE FOUNDATION OF THE BUILDING CONSTRUCTED ON SAID ADJACENT LOT. (SEE AMENDMENT DATED 8-10-73 WHICH ADDRESSES CARPORT PAVEMENT)

SECTION 3. PROPERTY TAXES AND ASSESSMENTS. TO THE EXTENT NOT ASSESSED TO OR PAID DIRECTLY BY THE OWNERS, THE ASSOCIATION SHALL PAY ALL REAL AND PERSONAL PROPERTY TAXES AND ASSESSMENTS LEVIED UPON ANY PORTION OF THE COMMON AREA OR OTHER PROPERTY OWNED BY THE ASSOCIATION.

SECTION 4. INSURANCE. THE ASSOCIATION SHALL KEEP ALL BUILDINGS, IMPROVEMENTS AND FIXTURES OF THE COMMON AREA INSURED AGAINST LOSS OR DAMAGE BY FIRE FOR THE FULL INSURABLE REPLACEMENT COST THEREOF, AND MAY OBTAIN INSURANCE AGAINST SUCH OTHER HAZARDS AND CASUALTIES AS THE ASSOCIATION MAY DEEM DESIRABLE. THE ASSOCIATION MAY ALSO INSURE ANY OTHER PROPERTY WHETHER REAL OR PERSONAL, OWNED BY THE ASSOCIATION, AGAINST LOSS OR DAMAGE BY FIRE AND SUCH OTHER HAZARDS AS THE ASSOCIATION MAY DEEM DESIREABLE, WITH THE ASSOCIATION AS THE OWNER AND BENEFICIARY OF SUCH INSURANCE. THE INSURANCE COVERAGE WITH RESPECT TO THE COMMON AREA SHALL BE WRITTEN IN THE NAME OF, AND THE PROCEEDS THEREOF SHALL BE PAYABLE TO, THE ASSOCIATION. PREMIUMS FOR ALL INSURANCE CARRIED BY THE ASSOCIATION ARE COMMON EXPENSES INCLUDED IN THE ASSESSMENTS MADE BY THE ASSOCIATION. INSURANCE PROCEEEDS SHALL BE USED BY THE ASSOCIATION FOR THE REPAIR OR REPLACEMENT OF THE PROPERTY FOR WHICH THE INSURANCE WAS CARRIED OR OTHERWISE DISPOSED OF AS HEREINAFTER PROVIDED.

THE ASSOCIATION SHALL HAVE THE POWER TO AND SHALL OBTAIN COMPREHENSIVE PUBLIC LIABILITY INSURANCE, IN SUCH LIMITS AS IT SHALL DEEM DESIRABLE, AND WORKER'S COMPENSATION INSURANCE AND OTHER LIABILITY INSURANCE AS IT MAY DEEM DESIRABLE, INSURING EACH LOT OWNER AND THE ASSOCIATION, BOARD OF DIRECTORS AND MANAGING AGENT, IF ANY, FROM LIABILITY IN CONNECTION WITH THE COMMON AREA, THE PREMIUMS FOR WHICH ARE COMMON EXPENSES INCLUDED IN THE ASSESSMENTS MADE AGAINST THE OWNERS.

SECTION 5. REPLACEMENT OR REPAIR OF PROPERTY. IN THE EVENT OF DAMAGE TO OR DESTRUCTION OF THE PROPERTY OF THE ASSOCIATION OR ANY PART THEREOF, THE ASSOCIATION SHALL REPAIR OR REPLACE THE SAME FROM THE INSURANCE PROCEEDS AVAILABLE. IF SUCH INSURANCE PROCEEDS ARE INSUFFICIENT TO COVER THE COSTS OF REPAIR OR REPLACEMENT OF THE PROPERTY DAMAGED OR DESTROYED, THE ASSOCIATION MAY MAKE A SPECIAL ASSESSMENT AGAINST ALL LOT OWNERS TO COVER THE ADDITIONAL COST OF REPAIR OR REPLACEMENT NOT COVERED BY THE INSURANCE PROCEEDS, IN ADDITION TO ANY OTHER REGULAR ASSESSMENTS MADE AGAINST SUCH LOT OWNERS, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE IV, SECTION 4 OF THIS DECLARATION.

ARTICLE IX

POWERS AND AUTHORITY OF THE ASSOCIATION

SECTION 1. GENERAL POWERS. THE ASSOCIATION SHALL HAVE ALL OF THE POWERS SET FORTH IN ITS ARTICLES OF INCORPORATION, TOGETHER WITH ITS CENTRAL POWERS AS A NON-PROFIT CORPORATION, GENERALLY TO DO ANY AND ALL THINGS THAT A CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF CALIFORNIA MAY LAWFULLY DO IN OPERATING FOR THE BENEFIT OF ITS MEMBERS, SUBJECT ONLY TO THE LIMITATIONS UPON THE EXERCISE OF SUCH POWERS AS ARE EXPRESSLY SET FORTH IN THE ARTICLES, THE BY-LAWS, AND IN THIS DECLARATION, AND TO DO ANY AND ALL LAWFUL THINGS WHICH MAY BE PERMITTED TO BE DONE BY THE ASSOCIATION UNDER THIS DECLARATION AND TO PERFORM ANY AND ALL ACTS WHICH MAY BE NECESSARY OR PROPER FOR OR INCIDENTAL TO THE EXERCISE OF ANY OF THE EXPRESS POWERS OF THE ASSOCIATION OR FOR THE PEACE, HEALTH, COMFORT, SAFETY AND GENERAL WELFARE OF THE OWNERS OF LOTS AND THEIR GUESTS.

SECTION 2. RIGHT OF ENTRY. WITHOUT IN ANY WAY LIMITING THE GENERALITY OF THE FOREGOING, THE ASSOCIATION SHALL HAVE THE POWER AT ANY TIME, AND FROM TIME TO TIME, WITHOUT LIABILITY TO ANY OWNER, TO ENTER UPON ANY LOT AND THE EXTERIOR OF ANY DWELLING UNIT, FENCE OR WALL SUBJECT TO THIS DECLARATION FOR THE PURPOSE OF ENFORCEING ANY AND ALL OF THE PROVISIONS OF THIS DECLARATION. THE ASSOCIATION SHALL ALSO HAVE THE POWER FROM TIME TO TIME, AND IN ITS OWN NAME, ON ITS OWN BEHALF OR ON BEHALF OF ANY OWNER OR OWNERS WHO CONSENT THERETO, TO MAINTAIN ACTIONS TO ENJOIN ANY BREACH OR THREATENED BREACH OF THIS DECLARATION, AND TO ENFORCE, BY MANDATORY INJUNCTION OR OTHERWISE, ALL OF THE PROVISIONS OF THIS DECLARATION.

ARTICLE X

ASSOCIATION RULES

SECTION 1. ADOPTION, AMENDMENT AND REPEAL. THE ASSOCIATION MAY, FROM TIME TO TIME, AND SUBJECT TO THE PROVISIONS OF THIS DECLARATION, ADOPT, AMEND AND REPEAL RULES AND REGULATIONS, TO BE KNOWN AS "THE ASSOCIATION RULES", GOVERNING, AMONG OTHER THINGS:

- (1) USE OF THE COMMON AREA;
- (2) SIGNS;
- (3) COLLECTION AND DISPOSAL OF REFUSE;
- (4) MINIMUM STANDARDS OF MAINTENANCE OF PROPERTY;
- (5) USE OF ANY CLOSED CIRCUIT TELEVISION BROADCASTING SYSTEM.

SECTION 2. RESTRICTION OF USE. THE ASSOCIATION RULES MAY, WITHOUT LIMITATION AND TO THE EXTENT DEEMED NECESSARY BY THE ASSOCIATION IN ORDER TO PRESERVE THE BENEFITS OF THE COMMON AREA FOR ALL OWNERS, AND THE FAMILIES, INVITEES, LICENSEES, AND LESSEES OF OWNERS, AND FOR GUESTS, RESTRICT AND GOVERN THE USE OF THE COMMON AREA, BY ANY GUEST, BY ANY OWNER, BY THE FAMILY OF SUCH OWNER, OR BY AN INVITEE, LICENSEE, OR LESSEE OF SUCH OWNER; PROVIDED, HOWEVER,

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THAT WITH RESPECT TO USE OF THE COMMON AREA, THE ASSOCIATION RULES MAY NOT DISCRIMINATE BETWEEN OWNERS AND THE FAMILIES AND LESSEES OF OWNERS.

SECTION 3. RESTRICTIONS AND LIMITATIONS. THE ASSOCIATION RULES MAY INCLUDE WITH RESPECT TO THE COMMON AREA, BUT NOT THE PUBLIC STREETS ADJACENT THERETO.

- (1) PARKING RESTRICTIONS AND LIMITATIONS ON AND ADJACENT TO SUCH AREAS;
- (2) LIMITATIONS UPON VEHICULAR TRAVEL;
- (3) THE TYPE OR TYPES OF VEHICLES WHICH MAY BE PERMITTED TO USE THE COMMON AREA;
- (4) THE USE OF ANY PARKING AREAS ASSIGNED TO A LOT OWNER.

ARTICLE XI

LIMITATION OF RESTRICTIONS ON DECLARANT

DECLARANT IS UNDERTAKING THE WORK OF CONSTRUCTING RESIDENTIAL DWELLINGS AND INCIDENTAL IMPROVEMENTS UPON THE LOTS INCLUDED WITHIN THE PROPERTIES. THE COMPLETION OF THAT WORK AND THE SALE, RENTAL AND OTHER DISPOSAL OF SAID RESIDENTIAL UNITS IS ESSENTIAL TO THE ESTABLISHMENT AND WELFARE OF THE PROPERTIES AS A RESIDENTIAL COMMUNITY. IN ORDER THAT THE WORK MAY BE COMPLETED AND THE PROPERTIES BE ESTABLISHED AS A FULLY OCCUPIED RESIDENTIAL COMMUNITY AS RAPIDLY AS POSSIBLE, NOTHING IN THIS DECLARATION SHALL BE UNDERSTOOD OR CONSTRUED TO:

SECTION 1. PREVENT DECLARANT, ITS CONTRACTORS, OR SUBCONTRACTORS FROM DOING ON ANY LOT OWNED BY DECLARANT WHATEVER IS REASONABLY NECESSARY OR ADVISEABLE IN CONNECTION WITH THE COMPLETION OF SAID WORK; OR

SECTION 2. PREVENT DECLARANT OR ITS REPRESENTATIVES FROM ERECTING, CONSTRUCTING AND MAINTAINING ON ANY LOT OWNED BY DECLARANT, SUCH STRUCTURES AS MAY BE REASONABLY NECESSARY FOR THE CONDUCT OF ITS BUSINESS OF COMPLETING THE WORK AND DISPOSING OF THE SAME BY SALE, LEASE OR OTHERWISE; OR

SECTION 3. PREVENT DECLARANT FROM MAINTAINING SUCH SIGNS ON ANY LOT OWNED BY DECLARANT AS MAY BE NECESSARY FOR THE SALE, LEASE OR DISPOSITION THEREOF;

SECTION 4. DECLARANT SHALL HAVE THE RIGHT AT ANY TIME PRIOR TO ACQUISITION OF TITLE BY A PURCHASER FROM DECLARANT TO AMEND THIS DECLARATION, TO ESTABLISH ON THE PROPERTIES ADDITIONAL EASEMENTS, RESERVATIONS AND RIGHTS OF WAY TO ITSELF, TO UTILITY COMPANIES, OR TO OTHERS AS MAY FROM TIME TO TIME BE REASONABLY NECESSARY TO THE PROPER DEVELOPMENT AND DISPOSAL OF THE PROPERTIES. DECLARANT OR THE ORGANIZATION FOR WHOSE BENEFIT SAID EASEMENTS, RESERVATIONS AND RIGHTS OF WAY HAVE BEEN ESTABLISHED SHALL HAVE THE RIGHT AT ANY TIME TO CUT AND REMOVE ANY TREES OR BRANCHES OR ANY OTHER UNAUTHORIZED OBJECT FROM SUCH EASEMENTS, RESERVATIONS AND RIGHTS OF WAY.

ARTICLE XII

EASEMENTS

SECTION 1. SIDEWALKS. EASEMENTS OVER THE LOTS FOR ACCESS, INGRESS AND EGRESS AS NECESSARY TO PERMIT (I) USE OF ALL SIDEWALKS ADJACENT TO THE PARALLELING STREETS FRONTING THE HOUSES IN THE PATIO HOME AREA, AND (II) USE OF ALL SIDEWALKS FRONTING THE HOUSES IN THE TOWNHOUSE AREA WHICH ARE INTENDED FOR COMMON USE, ARE HEREBY RESERVED BY DECLARANT, TOGETHER WITH THE RIGHT TO GRANT AND TRANSFER THE SAME TO THE TOWNHOUSE ASSOCIATION AND THE OWNERS. (SEE AMENDMENT DATED 8-10-73 REGARDING SIDEWALK EASEMENT)

SECTION 2. COMMON UTILITIES. THE RIGHTS AND DUTIES OF THE OWNERS WITH RESPECT TO WATER, SEWER, ELECTRICITY, GAS AND TELEPHONE AND CABLE TELEVISION LINES AND DRAINAGE FACILITIES SHALL BE GOVERNED BY THE FOLLOWING:

(A) WHEREVER SANITARY SEWER HOUSE CONNECTIONS, WATER HOUSE CONNECTIONS, ELECTRICITY, GAS, TELEPHONE, AND CABLE TELEVISION LINES OR DRAINAGE FACILITIES ARE INSTALLED WITHIN THE PROPERTIES, THE OWNERS OF ANY LOT SERVED BY SAID CONNECTIONS, LINES OR FACILITIES SHALL HAVE THE RIGHT, AND ARE HEREBY GRANTED AN EASEMENT TO THE FULL EXTENT NECESSARY THEREFOR, TO ENTER UPON THE LOTS OWNED BY OTHERS, OR TO HAVE UTILITY COMPANIES ENTER UPON THE LOTS OWNED BY OTHERS, IN OR UPON WHICH SAID CONNECTIONS, LINES, OR FACILITIES, OR ANY PORTION THEREOF LIE, TO REPAIR, REPLACE AND GENERALLY MAINTAIN SAID CONNECTIONS AS AND WHEN THE SAME MAY BE NECESSARY AS SET FORTH BELOW.

(B) WHEREVER SANITARY SEWER HOUSE CONNECTIONS, WATER HOUSE CONNECTIONS OR ELECTRICITY, GAS, TELEPHONE AND CABLE TELEVISION LINES OR DRAINAGE FACILITIES ARE INSTALLED WITHIN THE PROPERTIES, WHICH CONNECTIONS SERVE MORE THAN ONE (1) LOT, THE OWNER OF EACH LOT SERVED BY SAID CONNECTIONS SHALL BE ENTITLED TO THE FULL USE AND ENJOYMENT OF SUCH PORTIONS OF SAID CONNECTIONS AS SERVICE HIS LOT.

SECTION 3. RECORDED UTILITY EASEMENTS. EASEMENTS OVER THE PROPERTIES FOR THE INSTALLATION AND MAINTENANCE OF ELECTRIC, TELEPHONE, CABLE TELEVISION, WATER, GAS AND SANITARY SEWER LINES AND DRAINAGE FACILITIES AS SHOWN ON THE RECORDED TRACT MAPS OF THE PROPERTIES, ARE HEREBY RESERVED BY DECLARANT, TOGETHER WITH THE RIGHTS TO GRANT AND TRANSFER THE SAME, UNTIL THE LAST LOT SUBJECT TO THIS DECLARATION IS SOLD.

SECTION 4. CATV. THERE IS HEREBY RESERVED TO DECLARANT OVER THE PROPERTIES, TOGETHER WITH THE RIGHT TO GRANT AND TRANSFER THE SAME, THE RIGHT TO EMPLACE ON, UNDER OR ACROSS THE PROPERTIES TRANSMISSION LINES AND OTHER FACILITIES FOR A COMMUNITY ANTENNA TELEVISION SYSTEM AND THE RIGHT TO ENTER UPON THE PROPERTIES TO SERVICE, MAINTAIN, REPAIR, RECONSTRUCT AND REPLACE SAID LINES OR FACILITIES; PROVIDED, HOWEVER, THAT THE EXERCISE OF SUCH RIGHTS DOES NOT UNREASONABLY INTERFERE WITH THE OWNER'S REASONABLE USE AND ENJOYMENT OF HIS LOT.

SECTION 5. EMERGENCIES. ANY PERSON AUTHORIZED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION SHALL HAVE THE RIGHT TO ENTER UPON A LOT IN ANY CASE DETERMINED BY SUCH BOARD TO BE AN EMERGENCY ORIGINATING IN OR UPON OR THREATENING THE LOT OR OTHER LOTS, WHETHER THE OWNER OF THE LOT TO BE ENTERED UPON IS PRESENT AT THE TIME OR NOT.

SECTION 6. TOWNHOUSE PARKING AND DISPOSAL. EASEMENTS OVER THE COMMON AREA FOR THE PURPOSE OF PARKING AND MAINTENANCE OF CARPORTS AND FOR REFUSE DISPOSAL AND THE MAINTENANCE OF REFUSE DISPOSAL AREAS ARE HEREBY RESERVED TO DECLARANT, TOGETHER WITH THE RIGHT TO GRANT AND TRANSFER THE SAME TO OWNERS IN THE TOWNHOUSE AREA AS EXCLUSIVE EASEMENTS APPURTENANT TO THEIR RESPECTIVE LOTS IN THE SPECIFIC LOCATIONS AND IN THE MANNER HEREINAFTER SPECIFIED: THE CARPORT AND REFUSE DISPOSAL AREAS WITHIN THE COMMON AREA OR ANY PORTION THEREOF SHALL BE IDENTIFIED AS SUCH ON RECORDED SUBDIVISION MAPS OF EACH AFFECTED PORTION OF THE COMMON AREA AND EXCLUSIVE EASEMENTS APPURTENANT OVER SPECIFIC PORTIONS OF THE COMMON AREA AFFECTED SHALL BE GRANTED TO THE OWNERS OF RESPECTIVE LOTS WITHIN THE TOWNHOUSE AREA CONSISTENT WITH DESIGNATIONS APPEARING ON SUCH RECORDED SUBDIVISION MAPS. (SEE AMENDMENT DATED 8-10-73 GRANTING RIGHT OF ENTRY TO LAURELWOOD TOWNHOUSE ASSOCIATION)

SECTION 7. PATIO HOME AREA. IT IS INTENDED THAT EACH HOUSE WITHIN THE PATIO HOME AREA SHALL HAVE ADJACENT TO IT AN AREA TO BE USED FOR PATIO PURPOSES, WHICH AREA MAY IN PART LIE WITHIN AN ADJACENT LOT OR A PORTION OF THE COMMON AREA.

DECLARANT HEREBY RESERVES TO ITSELF TOGETHER WITH THE RIGHT TO GRANT AND TRANSFER THE SAME TO EACH OWNER OF A LOT IN THE PATIO HOME AREA, AN EXCLUSIVE EASEMENT APPURTENANT TO THE LOT OWNED BY SUCH OWNER (THE "DOMINANT TENEMENT"), ON THE SIDE OF THE DOMINANT TENEMENT ON WHICH THE DWELLING UNIT CONSTRUCTED BY DECLARANT ON THE DOMINANT TENEMENT CONTAINS WINDOWS, FOR ACCESS TO AND USE OF AND OVER, BY SUCH OWNER, HIS GUESTS AND TENANTS, THAT RECTANGULAR PORTION (THE "EASEMENT AREA"), OF THE LOT ADJACENT TO THE DOMINANT TENEMENT, LYING BETWEEN THE DOMINANT TENEMENT AND THE PLANE OF THE FOUNDATION LINE OF THE DWELLING UNIT AS ACTUALLY CONSTRUCTED BY DECLARANT ON THE ADJACENT LOT (THE "SERVIENT TENEMENT"); WHICH EASEMENT AREA IS FURTHER ENCOMPASSED BY A PATIO SCREEN FENCE AS CONSTRUCTED BY DECLARANT AND THE NEAREST EDGE OF THE PAVEMENT OF THE ROADWAY BEHIND THE DOMINANT TENEMENT AND SERVIENT TENEMENT. IN THOSE CASES WHERE THE PATIO AREA AS CONSTRUCTED BY THE DECLARANT DOES NOT ABUT AN ADJACENT DWELLING NOR ENCROACH UPON A LOT BUT INSTEAD ENCROACHES UPON THE COMMON AREA, THE EASEMENT AREA SHALL BE THE AREA BETWEEN THE LOT LINE OF THE DOMINANT TENEMENT AND THE FENCE AS CONSTRUCTED BY DECLARANT WITHIN THE COMMON AREA. EACH EASEMENT AREA SHALL BE USED AND ENJOYED BY THE OWNER OF THE RESPECTIVE DOMINANT TENEMENT ONLY FOR PATIO OR LANDSCAPING PURPOSES WHICH ARE CONSISTENT WITH THIS DECLARATION. THE OWNER OF SUCH EASEMENT AREA SHALL BE ENTITLED TO PAVE OR OTHERWISE SURFACE THE EASEMENT AREA TO WITHIN ONE (1) INCH OF THE FOUNDATION OF THE STRUCTURE OF THE SERVIENT TENEMENT, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE V HEREIN. SUBJECT TO ANY GOVERNMENTAL LAWS OR REGULATIONS AND TO THE OTHER PROVISIONS OF THIS DECLARATION, THE OWNER OF EACH DOMINANT TENEMENT SHALL HAVE THE EXCLUSIVE RIGHT TO ENTER UPON, USE, ENJOY, LANDSCAPE, CONSTRUCT MINOR IMPROVEMENTS INCLUDING A PATIO COVER UPON, AND OTHERWISE ENJOY HIS EASEMENT AREA TO THE SAME EXTENT AS THE LOT OWNED BY HIM. DECLARANT AND LOT OWNERS OF EACH DOMINANT TENEMENT OVER WHICH THERE IS CONSTRUCTED SUCH A PATIO COVER AS PROVIDED HEREIN SHALL HAVE AN EASEMENT APPURTENANT TO SAID LOT OVER THE EASEMENT AREA FOR PURPOSES OF ACCOMMODATING ANY ENCROACHMENT OF SAID PATIO COVER AS CONSTRUCTED PURSUANT TO THE PROVISIONS OF THIS DECLARATION. THE OWNER OF THE SERVIENT TENEMENT SHALL HAVE THE RIGHT AT ALL REASONABLE TIMES TO ENTER UPON THE EASEMENT AREA, INCLUDING CROSSING OVER THE DOMINANT TENEMENT FOR SUCH ENTRY, IN ORDER TO PERFORM WORK RELATED TO THE USE AND MAINTENANCE OF THE SERVIENT TENEMENT AND IN ORDER TO ENJOY ANY EASEMENT GRANTED TO THE

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SERVIENT TENEMENT PURSUANT TO ANY OTHER SECTION OF THIS ARTICLE XII. THE DWELLING UNIT UPON THE SERVIENT TENEMENT BY ROOF OVERHANG SHALL BE PERMITTED TO ENCROACH UPON THE EASEMENT AREA AND WATER FROM THE SERVIENT TENEMENT SHALL BE PERMITTED TO DRAIN FROM SUCH ROOF OVERHANG ON TO THE EASEMENT AREA. THE OWNER OF THE SERVIENT TENEMENT AS A CONDITION OF THE EXERCISE OF HIS RIGHT OF ENTRY UPON THE EASEMENT AREA, SHALL INDEMNIFY AND HOLD HARMLESS THE OWNER OF THE DOMINANT TENEMENT FOR DAMAGE TO SHRUBS, PLANTS, FLOWERS, TREES, LAWN, SPRINKLERS, HOSE BIBS, AND OTHER IMPROVEMENTS DIRECTLY RESULTING FROM THE EXERCISE OF SUCH RIGHT. (SEE AMENDMENT DATED 8-10-73 ADDRESSING EASEMENT AREA)

ARTICLE XIII

ADDITIONAL PROVISIONS

SECTION 1. USE OF RECREATIONAL FACILITIES. THE ASSOCIATION SHALL HAVE THE RIGHT TO LIMIT THE NUMBER OF OWNER'S GUESTS WHO ARE USING THE RECREATIONAL FACILITIES.

SECTION 2. FINANCING IMPROVEMENT OF THE COMMON AREA AND FACILITIES. THE ASSOCIATION SHALL HAVE THE RIGHT IN ACCORDANCE WITH ITS ARTICLES AND BY-LAWS, WITH THE APPROVAL OF TWO-THIRDS (2/3) OF THE MEMBERSHIP OF EACH CLASS OF MEMBERS, TO BORROW MONEY FOR THE PURPOSE OF IMPROVING THE COMMON AREA AND FACILITIES AND THE INCIDENTALS THERETO, AND TO MORTGAGE SAID COMMON AREA AND FACILITIES. THE RIGHT OF SUCH MORTGAGEE IN SAID COMMON AREA AND FACILITIES SHALL BE SUBORDINATE TO THE RIGHT OF THE OWNERS HEREUNDER.

SECTION 3. SEVERABILITY OF MEMBERSHIP IN THE ASSOCIATION FROM OWNERSHIP OF A LOT. NO PURCHASER OR OWNER OF ANY LOT SHALL CONVEY HIS INTEREST IN ANY SUCH LOT SEPARATELY FROM HIS MEMBERSHIP IN THE ASSOCIATION AND NO MEMBER OF THE ASSOCIATION SHALL CONVEY OR OTHERWISE DISPOSE OF HIS MEMBERSHIP RIGHTS IN THE ASSOCIATION WITHOUT AT THE SAME TIME CONVEYING HIS INTEREST IN THE LOT TO WHICH HIS MEMBERSHIP ATTACHES. MEMBERSHIP SHALL BE TRANSFERRED ON THE RECORDS OF THE ASSOCIATION ONLY TO A NEW OWNER OF THE LOT TO WHICH OWNERSHIP ATTACHES. A TENANT OF AN OWNER SHALL NOT BE A MEMBER OF THE ASSOCIATION, BUT THE TENANT OF AN OWNER, WITH THE CONSENT AND DELEGATION OF THE RIGHTS OF SAID OWNER, SHALL HAVE THE RIGHT TO USE THE FACILITIES OF THE ASSOCIATION IN THE SAME MANNER AS IF HE WERE AN OWNER.

DECLARANT HAS EXECUTED THIS DECLARATION ON THE DATE FIRST WRITTEN ABOVE.

U.S. DEVELOPMENT CORPORATION,
A CALIFORNIA CORPORATION

THE IRVINE COMPANY,
A WEST VIRGINIA CORPORATION

BY D. G. ZELLNER
ITS PRESIDENT

BY FRANK E. HUGHES
ITS VICE PRESIDENT

BY ROBERT PARTIN
ITS VICE PRESIDENT

BY W. STEPHEN SMITH III
ITS ASST SECTY

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IN BOOK 10649, PAGE 1, O. R.

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY WHICH MAY BE ANNEXED

THAT PORTION OF BLOCK 45, IRVINE'S SUBDIVISION, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1, PAGE 88, MISCELLANEOUS RECORDED MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTHEASTERLY LINE OF LOT 53, SAID BLOCK 45, WITH THE NORTHWESTERLY LINE OF THAT CERTAIN EASEMENT AS DESCRIBED IN A DEED TO THE ATCHISON, TOPEKA AND SANTE FE RAILWAY RECORDED AUGUST 29, 1914 IN BOOK 258, PAGE 283, DEEDS, RECORDS OF SAID ORANGE COUNTY, SAID POINT BEING THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 1800.00 FEET, A RADIAL TO SAID POINT BEARS NORTH 40 DEGREES 42' 21" EAST; THENCE SOUTHEASTERLY 60.01 FEET ALONG SAID CURVE THROUGH AN ANGLE OF 1 DEGREE 54 FEET 37 INCHES TO THE SOUTHEASTERLY LINE OF SAID EASMENT AND THE TRUE POINT OF THE BEGINNING; THENCE CONTINUING SOUTHEASTERLY 462.14 FEET ALONG SAID CURVE THROUGH AN ANGLE OF 14 DEGREES 42 FEET 37 INCHES; THENCE SOUTH 32 DEGREES 40 FEET 25 INCHES EAST 982.33 FEET; THENCE NORTH 44 DEGREES 34 FEET 35 INCHES EAST 375.07 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 1934.00 FEET; THENCE NORTHEASTERLY 693.10 FEET ALONG SAID CURVE THROUGH AN ANGLE OF 20 DEGREES 32 FEET 00 INCHES; THENCE NORTH 24 DEGREES 02 FEET 35 INCHES EAST 645.73 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 2066.00 FEET; THENCE NORTHEASTERLY 599.10 FEET ALONG SAID CURVE THROUGH AN ANGLE OF 16 DEGREES 36 FEET 53 INCHES; THENCE NORTH 40 DEGREES 39 FEET 28 INCHES EAST 192.33 FEET; THENCE NORTH 44 DEGREES 13 FEET 00 INCHES WEST 212.91 FEET; THENCE NORTH 15 DEGREES 44 FEET 49 INCHES WEST 475.38 FEET; THENCE NORTH 28 DEGREES 08 FEET 50 INCHES WEST 243.46 FEET; THENCE NORTH 39 DEGREES 52 FEET 28 INCHES WEST 242.30 FEET TO THE SOUTHEASTERLY LINE OF SAID ATCHISON, TOPEKA AND SANTE FE RAILWAY EASEMENT; THENCE SOUTH 40 DEGREES 39 FEET 56 INCHES WEST 2513.75 FEET ALONG SAID SOUTHEASTERLY LINE TO THE NORTHEASTERLY LINE OF SAID LOT 53; THENCE SOUTH 40 DEGREES 42 FEET 24 INCHES WEST 1.02 FEET TO THE TRUE POINT OF BEGINNING.

RESERVING UNTO LESSOR, ITS SUCCESSORS AND ASSIGNS AN EASMENT FOR ROAD PURPOSES OVER THE SOUTHWESTERLY 50.00 FEET.

EXCEPTING THEREFROM, TRACT 8033, AS SHOWN ON A MAP, RECORDED ON JANUARY 12, 1973, IN BOOK 315, PAGES 1 TO 7, INCLUSIVE, OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY, CALIFORNIA.