

REVISED WITH CURRENT AMENDMENTS
JULY 26, 2001

RESTATED

MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
RANCHO CASA BLANCA
A RECREATIONAL VEHICLE PARK
PLANNED DEVELOPMENT

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RESTATED MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
RANCHO CASA BLANCA

A RECREATIONAL VEHICLE PARK PLANNED DEVELOPMENT

Whereas, an original DECLARATION relating to this development was made on February 4, 1987 by WE 7, INC.(the "declarant") and was thereafter duly amended by its successor declarant, RANCHO CASA BLANCA OWNERS ASSOCIATION, INC. (The "ASSOCIATION") and WHEREAS, the conditions described in the MASTER DECLARATION, as amended, for termination of Class B Membership, having occurred and the interest of the original declarant and its successors in all of the lots covered by the MASTER DECLARATION as amended, having been conveyed to owners,

NOW, THEREFORE, Rancho Casa Blanca Owners Association, Inc. and the owners do covenant and agree that the Covered Property, the Project and all of the Lots, including any assigned, hypothecated, encumbered, leased, used, occupied and improved subject to the following limitations, restrictions, covenants and conditions for the purpose of mutually benefiting the Covered Property, the Project and all of the Lots, and future Owners thereof. All of the restrictions set forth herein shall run with the land and be binding upon and for the benefit of all parties having or acquiring any right, title or interest in the Covered Property, the Project or any of the Lots.

This Restated Master Declaration shall supersede and replace the original Master Declaration and any prior amendments thereto.

R E C I T A L

A. The real property subject to this Declaration, locate in the City of Indio, County of Riverside, is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

B. Declarant conveyed the Covered Properties, subject to certain easements, protective covenants, conditions and restrictions, reservations, liens and charges as set forth in the Restated Declaration referred to above, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Covered Property and all of which shall run with the covered Property and be binding on all parties having or acquiring any right, title or interest in the covered Property, or any part hereof, their heirs, successors and assigns and shall inure to the benefit of each Owner thereof.

DEFINITIONS

The following terms used in this Master Declaration are defined as follows:

Section 1. Architectural and Landscape Committee. The terms "Architectural Committee", "Landscape Committee" or "Committee as appropriate shall mean and refer to the Architectural and Landscape Committees created pursuant to the Article of this Master Declaration entitled "Architectural and Landscape Controls."

Section 2. Articles. The term "Articles" shall mean and refer to the Articles of Incorporation of the Association, which are or shall be filed in the Office of the Secretary of State of California, as amended from time to time.

Section 3. Assessments. The following definitions shall apply to the assessments described below:

(a) Regular Assessment shall mean the amount which is to be paid by each Owner to the Association for Common Expenses as provided by the terms of this Master Declaration.

(b) Special Assessment shall mean a charge against each Owner and his Lot, representing a portion of the cost to the Association for installation or construction of any capital improvements on any of the Common Area which the Association may authorize pursuant to the provisions of this Master Declaration.

(c) Reimbursement Assessment shall mean a charge against a particular Owner and his Lot for the purpose of reimbursing the Association for costs incurred in bringing the Owner and his Lot into compliance with the provisions of this Master Declaration, the Articles, Bylaws, or Association rules, or any other charge designated as a Reimbursement Assessment in this Declaration or Association rules, together with attorney's fees and other charges payable by such Owner, pursuant to the provisions of this Master Declaration.

(d) Reconstruction Assessment shall mean a charge against each Owner and his Lot representing a portion of the cost to the Association for reconstruction of any portion of the Common Area pursuant to the provisions of this Master Declaration.

Section 4. Association. The term "Association" shall mean and refer to RANCHO CASA BLANCA OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 5. Board of Directors. The term "Board of Directors or Board" shall mean and refer to the duly elected Board of Directors of the Association.

Section 6. Bylaws. The term "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

Section 7. City. The term "City" shall mean and refer to the City of Indio, California, a municipal corporation of the State of California.

Section 8. Common Area. The term "Common Area" shall mean all portions of the Project except the Lots and Recreational Vehicles located thereon, and shall include all common recreational facilities as well as all other land, structures and facilities within the Project which are conveyed to the Association for the use and enjoyment of the Owners.

Section 9. Common Expenses. The term "Common Expenses" shall mean and refer to the actual and estimated costs of:

(a) maintenance, management, operation, repair and replacement of the Common Area, and all other areas on the Covered Property which are maintained by the Association;

(b) unpaid Special, Reconstruction and Reimbursement Assessments;

(c) maintenance by the Association of areas within the public right-of-way of public streets in the vicinity of the Covered Property as provided in this Master Declaration or pursuant to agreements with the City;

(d) costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

(e) the costs of utilities, trash pickup and disposal, gardening and other services benefiting the Owners, their Lots and the Common Area to the extent such services are paid for by the Association and not separately and individually billed directly to Owners;

(f) the costs of fire, casualty, liability, worker's compensation and other insurance covering the Common Area, the Project and the Association;

(g) the costs of any other insurance obtained by the Association;

(h) reasonable reserves as deemed appropriate by the Board;

(i) the costs of bonding of the members of the Board, any professional managing agent or any other person handling the funds of the Association;

(j) any taxes paid by the Association;

(k) amounts paid by the Association for discharge of any lien or encumbrances levied against the Common Area or portions thereof;

(l) costs incurred by the Architectural Committee or other committees of the Association; and

(m) such other costs or expenses incurred by the Association in connection with the Common Area, this Master Declaration, the Articles or Bylaws or in furtherance of the purposes of the Association or in the discharge of any obligations imposed on the Association by this Master Declaration.

Section 10. County. The term "County" shall mean and refer to Riverside County, California.

Section 11. Covered Property. The term "Covered Property" shall mean and refer to all of the real property described in Exhibit "A" attached hereto.

Section 12. Declaration. The term "Declaration" or "Master Declaration" shall mean this Declaration, i.e., this document.

Section 13. Improvements. The term "Improvements" shall include buildings, outbuildings, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, hedges, windbreaks, plantings, trees and shrubs, poles, signs and all other structures and landscaping improvements of every type and kind.

Section 14. Increment. The term "Increment" shall mean and refer to a certain parcel of property as shown on an Incremental Map which may be attached hereto as an exhibit, upon which a tract map or parcel map has been or will be recorded in the Recorder's Office of the County.

Section 15. Institutional Holder. The term "Institutional Holder" shall mean and refer to any beneficiary of a deed of trust or mortgagee of a mortgage which encumbers a Lot and 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 16. Lot. The term "Lot" shall mean and refer to any plot of land or parcel shown on any recorded subdivision map of the Project, with the exception of the Common Area and shall include a Unit constructed upon such Lot.

Section 17. Member. The term "Member" shall mean and refer to each person entitled to membership in the Association as provided in this Declaration, the Articles and Bylaws.

Section 18. Mortgage. The term "Mortgage" shall mean and refer to and duly-recorded and valid mortgage or deed of trust encumbering a Lot.

Section 19. Owner. The term "Owner" shall mean and refer to one or more persons or entities holding fee title or an equitable ownership interest in any Lot, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 20. Phase. The term "Phase" shall mean and refer to one or more lots or parcels within the Project upon which a Public Report has been issued by the California Department of Real Estate.

Section 21. Project. The term "Project" shall mean and refer to all of the Covered Property, including all of the Lots, the Common Area and all Improvements located upon the Covered Property.

Section 22. Public Report. The term "Public Report" shall mean and refer to a Final Subdivision Public Report issued by the California Department of Real Estate pursuant to the California Subdivided Lands Act.

Section 23. Recreational Vehicle. The term "Recreational Vehicle" shall mean and refer to a motor home, travel trailer or park model, with or without motor power, designed for human habitation for recreational occupancy, which meets all of the following criteria:

(a) contains less than 320 square feet of internal living room area, excluding built-in equipment, including, but not limited to, wardrobe, closets, cabinets, kitchen units or fixtures, and bath or toilet rooms;

(b) contains 400 square feet or less of gross area measured at maximum horizontal projections;

(c) is at least 8 feet wide and 22 feet long;

(d) is built on a single chassis;

(e) is either self-propelled, truck-mounted, or towable on the highways without a permit;

(f) as used herein:

(i) "motor home" means a vehicular unit built on, or permanently attached to, a self-propelled motor vehicle chassis, chassis cab or van, which becomes an integral part of the completed vehicle, designed for human habitation for recreational occupancy;

(ii) "travel trailer" means a portable unit, mounted on wheels, of such a size and weight as not to require special highway movement permits when drawn by a motor vehicle and designed for human habitation for recreational occupancy;

(iii) "park model" means a structure, transportable in one section, mounted on wheels, of such a size and weight as to not require special highway movement permits when drawn by a motor vehicle and designed for human habitation for recreational occupancy.

II CREATION OF RECREATIONAL VEHICLE PLANNED DEVELOPMENT

Section 1. Division of Project. Rancho Casa Blanca is divided as follows:

(a.) Eight hundred and one (801) designated and legally described Recreational Vehicle Lots which are shown, defined and described on the recorded subdivision map for the Project and on Exhibit "A" attached hereto.

(b.) The Common Area consisting of the remainder of the Project, excepting the above referenced Recreation Vehicle Lots as shown on the subdivision map and Exhibit A attached hereto.

Section 2. Interest in Common Area. Acquisition of title to a Lot shall also include the right to use and enjoy all of the Common Areas within the Project. Each conveyance of a Lot shall also convey the right to use and enjoy the Common Area even though the conveyance document may omit reference to the Common Area.

Section 3. Common Area. Legal title to the Common Area is vested in the "Association".

III

RIGHTS OF ENJOYMENT

Section 1. Members' Right of Enjoyment. Every Member of the Association shall have a nonexclusive easement for use and enjoyment of the Common Area, which shall be appurtenant to and shall pass with title to each Lot, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Master Declaration, including, without limitation, the following:

(a) The right of the Association to reasonably limit the number of guests of Owners using the Common Area recreational facilities;

(b) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and any recreational facilities thereon;

(c) The right of the Association, upon the vote or written assent of two-thirds (2/3) of the voting power of Members, to borrow money for the purpose of improving the Common Area and any Improvements thereon and (subject to the provisions of the rights of Institutional Holders described in Article XIII) to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(d) Subject to the rights of Institutional Holders described in Article XIII, the right of the Association to dedicate, release, alienate, transfer or assign an interest in the Common Area to any public agency, authority, utility or other person for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, release, alienation, transfer or assignment shall be effective, unless an instrument signed by Members entitled to cast at least two-thirds (2/3) of the voting power of the Association agreeing to such dedication, release, alienation or transfer has been recorded;

(e) The right of the Board to suspend the rights and easements of use and enjoyment of the recreational facilities located on the Common Area, of any Member, and the persons deriving such rights and easements from any Member, for any period during which the payment of any assessment against such

Member and his Lot remains delinquent; and, after notice and hearing with an opportunity to be heard, to impose monetary penalties or suspend such use rights and easements for a reasonable period of time as determined by the Board for any violation of this Master Declaration, the Articles, Bylaws or rules and regulations of the Association, it being understood that any suspension for either nonpayment of any assessment or breach of such restrictions shall not constitute a waiver or discharge of the Member's obligation to pay assessments or comply with restrictions;

(f) The right of the Association, acting through the Board, to levy a reasonable charge for the use of any recreational facilities located on the Common Area;

(g) The right of the Association, acting through the Board, to grant concessions for snack bars and other commercial activities relating to the use and enjoyment of the Common Area by the Members, provided that any such contract shall be subject to the restrictions on contracts described elsewhere in this Master Declaration and in the Bylaws.

Section 2. Delegation of Use. Any Member may delegate his right to the use and enjoyment of the Common Area to the members of his family, his guests or tenants, subject to rules and regulations adopted by the Board.

Section 3. Waiver of Use. No member may exempt himself from personal liability for assessments duly levied by the Association, or release his Lot from the liens, charges and other provisions of this Master Declaration, the Articles, Bylaws and Association rules, by waiver of the use and enjoyment of the Common Area or the abandonment of his Lot.

IV

USE RESTRICTIONS

In Addition to all other covenants contained herein, the use of the Project, each Lot and the Common Area is subject to the following:

Section 1. Conditions of Ownership & Occupancy. Except as otherwise expressly provided herein, the Lots in the Project shall be used exclusively for parking, occupancy and use of Recreational Vehicles, as defined herein. The erection and/or construction on any Lot of permanent and/or semi-permanent improvements, such as screened or enclosed rooms, storage sheds and facilities, awnings, fireplaces, grills, permanent tables and/or benches and any other similar or related improvements, shall be subject to the architectural approval process described in Article XII hereof. The placement and/or maintenance on any Lot of moveable personal property shall be subject to Rules and Regulations of the Association. The Association may, in its discretion, adopt Rules and Regulations allowing recreational vehicle use and occupancy by slide-in truck campers, as defined in Civil Code Section 799.24(d), camping trailers, as defined in Civil Code Section 799.24(b), and vehicles that meet all requirements of a Recreational Vehicle as defined in Article I, Section 23, except that they are not at least 8 feet wide and/or 22 feet long; provided, however, that absent the adoption of Rules and Regulations allowing such use and occupancy, it shall be prohibited. Only one (1) Recreational Vehicle may be located or maintained on any Lot at any one time.

Section 2. Commercial Use. No Lot, Recreational Vehicle or any part thereof shall be used for any business, commercial, manufacturing, mercantile, storing, vending or other nonresidential imposes; provided, however, that the Association shall have the right to provide or authorize such services on the Common Area as it deems appropriate for the enjoyment of the Common Area or for the benefit of the Members.

Section 3. Maintenance of Lots and Recreational Vehicles.

Each Owner shall be responsible for the maintenance and appearance of his Lot and Recreational Vehicle. Owners shall assure that their Lots are properly landscaped and that all landscaping, including trees, ornamental shrubs, and the like is properly irrigated, trimmed and maintained. However, the Association shall maintain the grass and any trees originally planted by Developer. Lots and Recreational Vehicles shall be maintained in a neat, clean, orderly, safe, sanitary and attractive condition. In the event that any Owner fails to maintain his Lot or Recreational Vehicle in accordance with the standards described in this Section, the Association shall have the right, but not the obligation, to undertake such maintenance and levy the expense thereof against the delinquent Owner as a Reimbursement Assessment.

Section 4. No Obstruction of Common Area. There shall be no obstruction of the common Area nor shall anything be stored in the Common Area without the prior written consent of the Board. Nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Board.

Section 5. Signs. No sign, poster, billboard, advertising device or other message of any kind shall be displayed on any lot, or on the common area of the Project, without the prior written approval of the Board of Directors: Provided, however, that a single sign to be procured from the Association may be placed on any lot to indicate that the lot and/or the recreational vehicle are "for sale" or "for lease", subject to the approval by the Architectural Committee as to the placement of such signs. No signs shall be permitted in or on any park model, recreational vehicle or automobile. Signs indicating security protection may be permitted subject to the approval of the Architectural Committee.

Section 6. Animals. No insects or animals of any kind shall be raised, bred or kept on the Project except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, or in violation of any other provision of this Master Declaration and the rules and regulations of the Association. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal on any Lot in the Project which constitutes, in the opinion of the Board, a nuisance to other owners within the Project.

Animals belonging to Owners, or their licensees, tenants or invitees within the Project must be either kept within an enclosure, or on a leash or bridle being held by a person capable of controlling the animal. Owners shall be liable to other Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by such Owner or by members of his family, his tenants or guests. It shall be the duty and responsibility of each Owner to clean up after his animals.

Section 7. Utilities. Each Owner shall be obligated to pay any and all assessments for sewage, electricity, other utilities, taxes and other charges assessed individually against his Lot. Each Owner shall also be obligated to pay a proportionate share of charges assessed to the Association for water and gas, which shall be assessed as part of the Association dues.

Section 8. Trash Removal. All trash, rubbish and garbage shall be regularly removed from each Lot by the Owner thereof and shall not be allowed to accumulate thereon. Only Association approved trash receptacles shall be used.

Section 9. Vehicle Storage. Except as may be otherwise authorized by the Association, no vehicle, other than a Recreational Vehicle as defined herein, and two (2) additional vehicles to be used for providing transportation to and from the Recreational Vehicle and Lot, shall be parked, kept, stored, or maintained on any Lot for more than twenty-four (24) hours. Vehicle and/or Recreational Vehicle repair work shall not be conducted on any Lot, except to the extent necessary to transport same to an appropriate repair facility.

Section 10. Permanent Residential Use Prohibited. Except as otherwise provided herein, no Lot or Recreational Vehicle shall be used as a permanent residence.

Section 11. Limitations on Motorcycles. The use of motorbikes, motorcycles, all terrain carriers (ATC's), and similar power driven vehicles within the Common Area is prohibited except for the specific purpose of entering or leaving the Project and then only when driven at a low or idling speed.

Section 12. Aesthetic Controls. In order to maintain a uniform and well maintained appearance throughout the Project, no improvements or structures shall be commenced, erected, altered or maintained upon any Lot or the Common Area, except with the approval of the Architectural Committee, as provided in Article XII. Moveable personal property such as tables, chairs, benches, barbecues, etc., shall be allowed only in accordance with such Rules and Regulations relating thereto as may be promulgated by the Association.

Section 13. Conduct in Recreational Vehicles and Common Area. The Common Area shall not be used for any purpose or in any manner which shall cause it to be uninsurable against loss by fire or the perils of the extended coverage endorsement of the California Standard Fire Policy form, or cause any policy of insurance to be canceled or suspended or the company issuing the same to refuse renewal thereof. No Lot shall be used in such a manner as to obstruct or interfere with the enjoyment of occupants of other Lots or annoy them by unreasonable noises otherwise, nor shall any nuisance be committed or permitted to occur in any Lot or upon the Common Area.

Section 14. Leasing of Lots. Any leasing or renting of any Lot shall be in accordance with and subject in all respects to the provisions of this Master Declaration, the Bylaws and Association rules, and any failure by the lessee to comply with the terms of such documents shall be a default under the lease.

Section 15. Rules of Association. Each Owner, tenant or occupant of a Lot shall comply with the provisions of this master Declaration, the Bylaws, decisions and rules and regulations of the Association or its duly authorized representatives which may from time to time be promulgated. Failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action to recover sums due, for damages, for injunctive relief, or for any other remedy permitted by law or by the terms of this Declaration.

Section 16. Use of Lakes. No recreational use of any lakes in the Project shall be permitted unless specifically approved by the Board.

Section 17. Television Devices. Video and television antennae, including satellite dishes, are prohibited, except that such devices which have a diameter of 36 inches or less may be installed only upon receiving prior written approval from the

Board or the Architectural Committee. Owners must comply with the architectural and landscape application requirements set forth in the Restated Declaration and in the Association's architectural and landscaping guidelines.

Section 18. Restriction on Number of Occupants per Lot. No more than two (2) persons shall be permitted to occupy any lot for more than thirty (30) days, provided, that the Board of Directors may, on written application, and for good cause shown, permit occupancy that exceeds this limitation, for a specified period of time.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner shall automatically, upon becoming the Owner of a Lot, be a Member of the Association, and shall remain a Member thereof until his ownership ceases for any reason, at which time his membership in the Association shall also automatically cease. For each Lot there shall be on file with the Association an address of record for the Owner, and a phone number in case of emergency, all of which shall be kept current by the Owner. Ownership of a Lot shall be the sole qualification for membership in the Association; provided, however, that a Member's voting rights or privileges to use the Common Area, or both, may be regulated or suspended as provided in this Master Declaration, the Bylaws or Association rules. All memberships shall be appurtenant to the Lot conveyed, and a person or entity shall be deemed an Owner of a Lot only upon recordation of a deed, contract of sale or other document conveying the Lot to him.

Section 2. Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of his Lot, and then only to the transferee or mortgage holder of the Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event an Owner fails or refuses to transfer the membership registered in his name to the transferee of his Lot, the Board may record the transfer upon the books of the Association.

Section 3. Membership and Voting Rights. There shall be a single class of members consisting of owners, as described in Section 1 above. Each member shall be entitled to one (1) vote for each lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, and the vote of such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. The Association shall not be required to recognize the vote or written assent of a co-owner unless that co-owner is designated in a writing executed by all such co-owners and delivered to the Association

Section 4. Violations-duty of members. It is the duty and obligation of each member to comply with the Covenants, Bylaws and Rules of the Association and to report any violations which are observed, in order that the co-dependent's right of use and enjoyment of all members are protected.

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Covenant to Pay Assessments. Each Owner of any Lot, by acceptance of a conveyance therefor (whether or not it is expressed in such conveyance), is deemed to covenant and agree to pay to the Association: (1) Regular Assessments or charges, (2) Special Assessments for capital improvements, (3) Reimbursement Assessments, and (4) Reconstruction Assessments, all such assessments to be established and collected as hereinafter provided. Each of these assessments, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment became due. The personal obligation for delinquent assessments shall not pass to such person's successors in interest 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 of the Project and for the improvement, operation and maintenance of the Common Area and the Project and the performance of the duties of the Association as set forth in this Master Declaration, the Articles and Bylaws.

Section 3. Regular Assessments. The amount and time of payment of Regular Assessments against each Lot shall be determined by the Board, giving due consideration to the current maintenance costs and future needs of the Association. Not later than sixty (60) days prior the beginning of each fiscal year, the Board shall estimate the total Common Expenses to be incurred for the upcoming fiscal year, and shall determine the amount of Regular Assessments to be paid by each Member. Written notice of the amount of the Regular Assessment for the year shall be sent to each Member, who shall thereafter pay the Regular Assessment to the Association in monthly installments unless some other period for collection is established by the Board. In the event that the Board at any time determines that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the Common Expenses and determine a revised amount of Regular Assessments for each Member, and the date or dates when due.

Regular assessments for each Lot shall not be increased more than twenty (20%)percent over the Regular Assessments for the preceding year without the vote of written consent of a majority of the total voting power of the Association.

Section 4. Special Assessments for Capital Improvements. In addition to the Regular Assessments authorized above, the Association may levy, in any fiscal year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement (other than due to destruction) of a capital improvement upon the Common Area and the Project, including fixtures and personal property related thereto, or any other action or undertaking on behalf of the Association, to the extent the same is not covered by the provisions affecting Reconstruction Assessments described below. Any such assessment for all Lots for the fiscal year in the aggregate in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year must first be approved by the vote or written assent of a majority of the voting power of the Association at a meeting duly called for this purpose. The foregoing limitation on Special Assessments shall not apply to any Reimbursement Assessment which is authorized by this Master Declaration.

Section 5. Notice and Quorum for Meetings Called under Section 3 and 4. Written notice of any meeting called to approve an increase in Regular Assessments greater than twenty percent (20%) or Special Assessments in excess of five percent (5%) of the budgeted gross expenses for the fiscal year shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At any such meeting, the presence of members or of proxies entitled to cast fifty-one percent (51%) of the voting power of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same quorum requirement.

Section 6. Reimbursement Assessments. The Association may levy a Reimbursement Assessment against any Owner who fails to comply with the provisions of this Declaration, the determinations of the Landscape Committee, the determinations of the Architectural Committee, the Articles or Bylaws, or any rule or regulation adopted by the Association, if such failure results in the expenditure of monies by the Association in carrying out its functions thereunder or in collecting any fine which may be levied by the Association.

Such assessment shall also be for the purpose of reimbursing the Association for any costs incurred by the Association on behalf of an individual Owner. A Reimbursement Assessment shall be due and payable to the Association when levied and may become a lien as provided by Section 14(b) of this Article VI which could otherwise be enforced by a sale of the Owner's Lot.

Section 7. Reconstruction Assessments. Assessments for reconstruction of Improvements upon the Common Area may be levied in accordance with the provisions of that Article below entitled "DESTRUCTION OF IMPROVEMENTS."

Section 8. Uniform Rate of Assessment. Regular and Special Assessments shall be fixed at a uniform rate for all Lots and shall be levied against each Owner according to the ratio of the number of Lots owned by the Owner to the total number of Lots subject to assessment.

Section 9. Date of Commencement of Regular Assessments: All Events necessary to validate the imposition of Regular Assessments on each lot in the Project occurred on or before January 1, 1993.

Section 10. Certificate of Payment. The Association shall, within ten (10) days after receipt of written request, furnish to any Member liable for Assessments a certificate in writing signed by an Officer or authorized agent of the Association, stating (as of the date the statement is issued) whether Assessments for a specific Lot have been paid and the amount of delinquency, if any, including penalties and attorneys' fees. A reasonable charge of not less than Fifteen Dollars (\$15.00), and not more than the reasonable cost of preparing the certificate (as determined by the Board) may be collected for the issuance of such a certificate. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid as to all third parties relying thereon, but shall not relieve any Owner of liability for assessments not in fact paid.

Section 11. No Offsets. All assessments shall be payable in the amount specified and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Master Declaration.

Section 12. Reserves. Regular Assessments shall include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or any portion of the Common Area that must be repaired or replaced on a periodic basis, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not co-mingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members.

Section 13. Pledge of Assessment Rights. The Association shall have the power to pledge to exercise its assessment powers to obtain funds to repay a debt of the Association; provided, however, that any such pledge shall require the prior affirmative vote or written assent of not less than seventy-five percent (75%) of the members at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with Special Meetings of Members. The Association may levy Special Assessments against the Members to obtain such funds. Upon the failure of any member to pay such a Special Assessment when due, the Association may exercise all of its rights, including, without limitation, the right to foreclose its lien, pursuant to the further provisions of this master Declaration.

Section 14. Effect of Nonpayment of Assessments; Remedies of the Association. Each Owner upon becoming an owner of any Lot, covenants and agrees to pay to the Association all of the assessments provided for in this Master Declaration and further agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney is employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against such Owner. Any assessment or installment thereof shall be considered delinquent if not paid within fifteen (15) days after the due date and shall be subject to a late charge of ten dollars (\$10.00) or ten percent (10%) whichever is greater, and in addition any assessment installment thereof which is not paid within thirty (30) days of the due date, shall be charged interest at an annual percentage rate to be fixed by the Board in its collection policy statement.

In addition to any other remedies provided herein or available at law or in equity, the Board or its authorized representative, may enforce the obligations of the Owners to pay the assessments provided for in this Declaration by either or both of the following procedures:

(a) Enforcement by Suit. By commencement and maintenance of a suit at law against any Owner personally obligated to pay assessments for such delinquent assessments.

Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon, costs of collection, court costs and reasonable attorneys' fees in such amount as the court may adjudge against the delinquent Owner. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien hereinafter described. The remedy provided in this paragraph shall be the exclusive manner of enforcing payment of delinquent Reimbursement Assessments.

(b) Enforcement by Lien. The Board may record, or cause to be recorded, a Notice of Assessment with respect to the Lot as to which assessments are delinquent. The Notice of Assessment shall be recorded in the Recorder's Office of the County and shall set forth all assessments which have become delinquent as of the date of recordation thereof, together with all costs, attorneys' fees, late charges and interest accrued thereon. The Notice of Assessment shall also set forth a description of the Lot with respect to which it is recorded and the name of the record Owner thereof and shall be signed by any Officer of the Association, or by any authorized representative of the Board. Immediately upon recordation of a Notice of Assessment, the amounts set forth in said Notice, together with all sums becoming due and payable in accordance with this Declaration after the date of recordation of the Notice, shall be and become a lien in favor of the Association upon the Lot described in the Notice, which lien shall be immediately due and payable.

This lien shall have priority over all liens or claims created subsequent to its recordation, except for liens for real property taxes and assessments on any Lot in favor of any governmental assessing unit. Any such lien may be foreclosed by appropriate action in court or in the manner provided by the California Civil Code Sections 2924 et seq. for the foreclosure of a deed of trust with power of sale, or in any other manner permitted by law.

The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Lot. Upon the timely curing of any default for which a Notice of Assessment was filed, by payment of all sums secured by the lien, the Board shall cause an appropriate release of such lien to be recorded in the Recorder's Office of the County. No Owner may waive or otherwise escape liability for the assessments described in this Declaration by non-use of the Common Area or any other part of the Project, or abandonment of his or her Lot. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of a Notice of Assessment, whether judicially, by power of sale, or otherwise, until the expiration of ten (10) days after a copy of said Notice, showing the date of recordation thereof, has been mailed to the Owner of the Lot which is described in such Notice.

Section 15. Subordination to Certain Trust Deeds. The lien for the assessments described herein shall only be subordinate to the lien of a first Mortgage, given and made in good faith and for value, that is of record as an encumbrance against such Lot prior to the recordation of a Notice of Assessment. The sale or transfer of any Lot shall not affect the assessment lien described herein, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent assessments. However, the sale or transfer of any Lot pursuant to a judicial foreclosure or foreclosure by power of sale of a first encumbrance shall extinguish any assessment lien recorded prior to the time of such sale or transfer. Following a foreclosure, the interest of any purchaser at such foreclosure sale shall be subject to all assessments becoming due after the date of any such sale or transfer, and in the event of nonpayment of such assessments, shall be subject to all of the remedies described in this Master Declaration. For the purpose of this Section 15, a sale or transfer of a Lot shall occur on the date of recordation of a deed or land sale contract evidencing the conveyance of record ownership of the Lot.

VII

MANAGEMENT OF THE ASSOCIATION AND THE PROJECT

Section 1. General Powers of the Association. All powers relating to the management, operation and maintenance of the Project and of the Common Area, shall be vested in the Association and in its Board of Directors. The specific and primary purposes and powers of the Association and the Board are to provide architectural control of, manage and maintain the Project and the Common Area and to enforce the provisions of this Master Declaration, the Articles and Bylaws, and any other instruments relating to the management and control of the Association and the Project. The Association may do any and all other acts and things that a nonprofit mutual benefit corporation is empowered to do, which may be necessary, convenient or desirable in the administration of its affairs in order to carry out the duties described in this Master Declaration. The Association, through its Board of Directors, shall have the authority to delegate its powers to committees, Officers of the Association and its employees.

Section 2. Contracts of the Association. The Association shall have the right and power to employ or engage a manager and other employees or agents and contract for such services, labor and materials as it may deem reasonably necessary to operate and maintain the Project, the Common Area and the improvements thereon and to discharge its other duties. Any agreement for professional management of the Association must provide for termination of such contract or agreement by either party with or without cause or payment of a termination fee on thirty (30) days or less written notice and for a maximum contract term not to exceed one (1) year.

Section 3. General Duties of Association. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere described herein, and without limiting the generality thereof, and subject to the limitations set forth in Sections 7 and 8 of this Article, the Association acting through the Board shall:

(a) Maintain and otherwise manage all of the Common Area and all facilities, improvements, and landscaping within the Common Area;

(b) Procure and maintain public liability and fire insurance with extended coverage on the Common Area as required by the terms of this Declaration. The Board shall also have the authority to procure and maintain any other type of insurance which the Board determines is in the best interest of the Association and its Members;

(c) Obtain, for the benefit of the Common Area, all water, gas and electric services and refuse collection;

(d) Pay taxes and assessments which are or could become a lien on the Common Area, or some portion thereof;

(e) Prepare budgets and financial statements for the Association and its Members as prescribed in the Bylaws;

f) Initiate and pursue disciplinary proceedings against Members for violations of provisions of this Declaration, the Articles or Bylaws, in accordance with the procedures set forth in this Declaration;

g) Subject to approval by a majority vote of each class of Members, borrow money and incur indebtedness for the purposes of the Association and cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt and security.

Section 4. Maintenance of Project. The Association shall provide landscaping and gardening services for all Common Areas and shall repair and maintain all recreational facilities within the Common Areas. All grass, trees and ornamental vegetation shall be properly irrigated, trimmed and in all respects cared for in a manner so as to provide a well-maintained appearance at all times. Any improvements and recreational facilities located within the Common Area shall be maintained in a neat, clean, orderly, safe, sanitary and attractive condition so as to be usable and enjoyable by all members of the Association at all times. Each Owner shall be responsible to repair and maintain his Lot and Recreational Vehicle and to keep such Lot and Recreational Vehicle in good and attractive condition at all times, all as more particularly described in Section 3 of Article IV above.

Should the activities of any Owner, family members, guests or invitees of such Owner result in damage to or destruction of any portion of the Common Area or any Common Area improvement, that Owner shall be held responsible for all costs associated with the repair or replacement of that portion of the Common Area, which expense may be enforced as a Reimbursement Assessment.

Section 5. Additional Restrictions on Power of the Board.

The Board shall be prohibited, without the prior vote or written consent of a majority of the voting power of the Association from doing any of the following: (i) incurring aggregate expenditures for capital improvements to any portion of the Project in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or (ii) selling during any fiscal year property of the Association having an aggregate, fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; (iii) paying compensation to Directors or Officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or Officer to be reimbursed for expenses incurred in carrying on the business of the Association; or (iv) filling of a vacancy on the Board created by the removal of a Director.

Section 6. Limitation on Board Authority to Contract. The Board shall not enter into any contracts for goods or services with a duration greater than one (1) year without the vote or written consent of a majority of the voting power of the Association with the following exceptions: (i) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; (ii) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (iii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy provides for short rate cancellation by the insured; or (iv) lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration; (v) contracts for bulk (i.e. project-wide) television, cable and/or antenna service for periods of up to five (5) years.

Section 7. Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities of public utilities which are located within easements in the Common Area. However, the Association shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

Section 8. Rights of Entry. The Association, through its agents or employees, shall have a limited right of entry upon all Lots for the purpose of inspecting the Project and taking whatever corrective action may, after approval by a two-thirds (2/3) vote of the Board, be deemed necessary or proper by the Board, consistent with the provisions of this Declaration. This right of entry shall include the right to enter a Lot for purposes of construction, maintenance or repair for the benefit of the Common Area or the Owners in common.

Nothing in this Article shall in any manner limit the right of an Owner to the exclusive occupancy and control of his Lot. Entry onto a Lot by the Association for other than emergency repairs shall be made only after three (3) days notice has been given to the Owner, shall be made with as little inconvenience as possible to the Owner and any damage caused thereby shall be repaired by the party causing such damage. In the case of an emergency, the right of the Association to enter upon a Lot shall be immediate; provided, however, that such entry shall be made with as little inconvenience as possible to the Owner and any damage caused thereby shall be repaired by the party causing such damage. Nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property or portion of a Lot to be maintained or repaired by the Owner thereof. The Association shall not be liable for failing to exercise this right of entry during an emergency or otherwise.

Section 9. Association Rules. The Board shall have the power to adopt, amend and repeal such rules and regulations as it deems reasonable which may include the establishment of a system of fines and penalties enforceable as a Reimbursement Assessment. The Association rules shall govern matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area; provided, however, that the Association rules may not discriminate among owners, and shall not be inconsistent with this Declaration, the Articles or Bylaws.

A copy of the Association rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of such rules shall be delivered to each Owner. The Association rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received by them.

VIII

INSURANCE

Section 1. Duty to Obtain Insurance; Types. The Board of Directors, on behalf of the Association, shall obtain and continue in effect the following types and policies of insurance:

(a) Public liability insurance with a limit of not less than One Million Dollars (\$1,000,000) for claims for personal injury and/or property damage arising out of a single occurrence. Such policy of public liability insurance covering the Common Area shall contain a "Severability of Interest" endorsement which shall preclude the insurer from denying the claim of any owner because of negligent acts of the Association or other Owners.

(b) Casualty insurance and fire insurance with extended coverage, in an amount equal to one hundred percent (100%) of the full insurable replacement cost of all improvements within this Common Area, without deduction for depreciation. Such insurance shall be maintained by the Board for the benefit of the Association, the Owners and Institutional Holders.

(c) Fidelity coverage against dishonest acts on the part of Directors, Officers, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Association. Such fidelity coverage shall name the Association as obligee and shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves. Persons serving without compensation shall be covered by endorsement to the policy if not otherwise covered under the policy.

The Board may purchase such other insurance as it deems necessary, including but not limited to, plate glass insurance, medical payments, malicious mischief and vandalism insurance, worker's compensation and Directors' and Officers' liability.

Section 2. Waiver of Claims Against Association. As to each policy of insurance maintained by the Board, the Owners hereby waive and release all claims against the Association, the Board only to the extent of the insurance proceeds available to the Owners, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by said persons.

Section 3. Notice of Expiration Requirements. All of the policies of insurance described herein shall contain a provision that such policies shall not be canceled or terminated, or expire by their terms, without thirty (30) days' prior written notice to the Board, Owners and Institutional Holders (provided that such Owners and Institutional Holders have filed written requests with the carrier for such notice) and every other person in interest who has requested such notice of the insurer.

Section 4. Insurance Premiums. Premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board shall be a Common Expense to be included in the assessments levied by the Association and collected from the Owners. The proportion of such assessments necessary for the required insurance premiums shall be used solely for the payment of premiums of required insurance as such premiums become due.

Section 5. Trustee for Policies. The Board shall be trustee of all named insured under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies shall be paid to the Board as trustee. The Board shall have full power to receive and to receipt for the proceeds and to disburse such proceeds as provided herein. Insurance proceeds 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 provided in this Declaration. The Board shall have the authority to negotiate loss settlements with the insurance carriers, with participation by Institutional Holders who so desire and have filed written requests under Section 3 of this Article. Any two (2) Officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insured.

Section 6. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to seventy-five percent (75%) of the Institutional Holders who have filed requests under Section 3 of this Article.

Duplicate originals or certificates of all policies of fire and casualty insurance carried by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Institutional Holders who have requested the same in writing.

Section 7. Annual Insurance Review. The Board shall review the insurance carried by the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 1 above. The Board shall obtain a current appraisal of the full replacement value of the buildings and improvements within the Common Area, except for foundations, footings and masonry walls, without deduction for depreciation, by a qualified independent insurance appraiser, prior to each such annual review.

Section 8. Required Waiver. All policies of hazard and physical damage insurance shall provide for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- (a) Subrogation of claims against the tenants of the Owners;
- (b) Any defense based on co-insurance;
- (c) Any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (d) Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of an Owner, or arising from any act, neglect or omission of any named insured, or the respective agents, contractors and employees of any insured;
- (e) Any right of the insurer to repair, rebuild or replace, and, in the event the improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured or the fair market value thereof;
- (f) Notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; and
- (g) Any right to require any assignment of any Mortgage to the insurer.

IX

DESTRUCTION OF COMMON AREA IMPROVEMENTS

In the event of partial or total destruction of Common Area improvements, it shall be the duty of the Association to restore and repair the same to their former condition as promptly as practicable. The proceeds of any insurance covering such improvements shall be used for this purpose, subject to the rights of Institutional Holders whose interest may be protected by said policies. In the event that the amount available from the proceeds of such insurance policies for restoration and repair is at least eighty-five percent (85%) of the estimated cost of restoration and repair or the cost not covered by insurance proceeds is less than Twenty-Five Dollars (\$25.00) per year per Lot, a Reconstruction Assessment, with each Owner contributing an equal sum, may be levied by the Association to provide the necessary funds for reconstruction, in addition to any insurance proceeds available for such purpose. In the event that the amount available from the proceeds of such insurance for restoration and repair is less than eighty-five percent (85%) of the estimated cost of restoration and repair or greater than Twenty-Five Dollars (\$25.00) per Lot per year, the improvement shall not be replaced or restored unless seventy-five percent (75%) voting power of the Association agrees in writing to such replacement or restoration or gives its affirmative vote at a meeting duly called therefor.

In the event of a determination not to replace or restore affected portions of the Common Area, such affected areas shall be cleared and landscaped for community park use and the costs thereof shall be paid for with the insurance proceeds, and any deficiency may be raised by a Reconstruction Assessment in an amount determined by the Board. In the event any excess insurance proceeds remain, the Board, in its sole discretion, may retain such sums in the general funds of the Association or distribute pro rata all or a portion thereof to the Members, subject to the rights of Institutional Holders whose interest may be protected by such insurance policies. The rights of an Owner and the Institutional Holder of his Lot as to such pro rata distribution shall be governed by the provisions of the mortgage encumbering such Lot. All amounts collected as Reconstruction Assessments shall be used only for the purposes set forth in this Article, shall be deposited by the Board in a separate bank account to be held in trust for such purposes, shall not be co-mingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Members.

X PROPERTY TAXES

Real property taxes, levies and assessments shall be separately and individually billed by the County Assessor's office to the Owners of individual Lots. Payment of such taxes for Lots shall be the sole responsibility of the Owner of such Lot. The Association shall not be liable for the collection and payment of any real or personal property taxes of any type whatsoever levied against individual Owners on account of their Lots. Real property taxes and assessments levied against the Common Area or personal property of the Association shall constitute a Common Expense which shall be paid by the Association through the Regular Assessment process.

XI

PROHIBITION AGAINST PARTITION OR SEVERANCE OF
LOT FROM INTEREST IN COMMON AREA

The Common Area shall remain undivided and each Owner irrevocably waives the right to bring any action to partition the Common Area. The rights in the Common Area and title to the respective Lots, together with any exclusive easements or rights appurtenant to each Lot, shall not be separated, severed or separately conveyed, assigned, encumbered or otherwise transferred. All rights in the Common Area shall be conclusively deemed to be conveyed, assigned, transferred or encumbered with the respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

XII

ARCHITECTURAL CONTROL

Section 1. Architectural and Landscape Committee Approval.

(a) Approval of Architectural Committee. In order to keep a uniform, well-maintained and attractive appearance throughout the Project, no improvements or structures shall be commenced, erected, installed, altered or maintained upon any Lot, the Common Area or the Project without the prior written approval of the Architectural Committee.

(b) Approval of Landscape Committee. In order to keep a uniform, well maintained and attractive appearance throughout the Project, no trees, shrubs, flowers or other planting shall be commenced, installed, planted, altered, or maintained upon any Lot (excluding reasonable planting in pots on the deck or concrete), the Common Area or the Project without prior written approval of the Landscape Committee. The remaining sections of this Article XII shall apply to the Landscape Committee wherever the Architectural Committee is referenced.

Section 2. Architectural Committee and Landscape Committee. The Board shall appoint an Architectural Committee and Landscape Committee, consisting of not less than three (3) nor more than seven (7) persons, all of whom shall be from the membership of the Association.

Section 3. Submission, Approval and Conformity of Plans. The Board shall adopt and promulgate Architectural Standards to be administered through its Architectural Committee. If the Architectural Standards so provide, no improvement, alteration, structure or addition shall be commenced, erected, altered or maintained within the Project, nor shall any addition, change or alteration be made until plans and specifications showing the nature, kind, shape, height, materials and location of the same are submitted to and approved in writing by the Architectural Committee. The Architectural Standards shall include the following restrictions and limitations:

(a) Time limitations for the completion of the improvements for which approval is required pursuant to the Architectural Standards;

(b) Conformity of completed improvements to plans and specifications approved by the Architectural Committee; provided, however, that as to purchasers and encumbrancers in good faith and for value, unless a notice of non-completion or non-conformance identifying the violating Recreational Vehicle and its Owner and specifying the reason for the notice, executed by the Architectural Committee, is recorded in the Recorder's Office of the County, and given to such Owner within thirty (30) days of the expiration of the time limitation described in subsection (a) above, or unless legal proceedings have been instituted to enforce compliance or completion within that thirty-day period, the completed improvements shall be deemed to be in compliance with plans and specifications approved by the Architectural Committee;

(c) Such other limitations and restrictions as the Board in its reasonable discretion shall adopt, including, without limitation, regulation of construction, reconstruction, exterior addition, change, alteration to or maintenance of any building, with regard to the nature, kind, shape, height, materials, exterior color and surface and location of such structure.

The Architectural Committee may delegate its plan review responsibilities to one (1) or more members of the Committee.

Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Committee. The Committee may establish reasonable procedural rules and may assess a fee not to exceed Twenty-Five Dollars (\$25.00) per submission of plans in connection with review of plans and specifications. Unless such rules regarding submission of plans are complied with, such plans and specifications shall be deemed not submitted. In the event that the Architectural Committee fails to approve or disapprove plans or other requests submitted to it within thirty (30) days after such submission, then such approval will not be required so long as any structure or improvement erected or altered pursuant to such plans conforms to all the conditions and restrictions herein contained and is in harmony with similar structures erected within the Project.

Section 4. Appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved, or in cases where the architectural committee determines that the work performed does not conform to the approved plan, the party or

parties making such submission may appeal in writing to the Board.

The written request must be received by the Board not more than thirty (30) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for comment and the Committee's written comments will be submitted to the Board. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. Failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant.

Section 5. General Provisions. Operation of the Architectural Committee shall be subject-to the following general provisions:

(a) Review and approval by the Committee of plans and specifications does not constitute approval of engineering design, and by approving such plans and specifications, neither the Committee, the members thereof, the Association, the Members, the Board nor Declarant assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications. Approval of plans and specifications by the Committee does not relieve the Owner-applicant of the responsibility to obtain necessary building permits and approvals from the City.

(b) The address of the Architectural Committee shall be the principal office of the Association as designated by the Board pursuant to the Bylaws. Such address shall be the place for submission of plans and specifications and the place where the current Architectural Standards, if any, shall be kept.

(c) The establishment of the Architectural Committee and the procedures described herein for architectural approval shall not be construed as changing any rights or restrictions upon Owners to maintain, repair, alter, modify or otherwise have control over their Lots and Recreational Vehicles as may otherwise be specified in this Declaration, the Bylaws or the Association rules.

Section 6. Reconstruction of Lot Improvements. The reconstruction of improvements on any Lot after destruction, which is accomplished in substantial compliance with the original building plans for such improvements, shall not require compliance with the provisions of this Article.

XIII RIGHTS OF INSTITUTIONAL HOLDERS OF MORTGAGES

The following provisions are for the benefit of Institutional Holders, Insurers and Guarantors of first Mortgages on Lots within the Covered Property and shall apply notwithstanding any provision to the contrary set forth elsewhere in this Declaration or the Bylaws. These provisions apply only to "Eligible Holders" as defined below.

Section 1. Notices of Actions. Any Institutional Holder, Insurer or Guarantor of a first Mortgage who provides written request to the Association, stating the name and address of such Holder, Insurer or Guarantor and the address or legal description of the particular Lot encumbered (thus becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any default by the Owner of such Lot in the performance of such Owner's obligations under the Declaration or Bylaws which is not cured within sixty (60) days from the date of such default;

(b) Any condemnation proceedings affecting the Project;

(c) Any substantial damage to or destruction of any significant portion of the Common Area;

(d) Any proposed termination of the Association;

(e) Any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

(f) Any proposed action which would require the consent of Eligible Holders as further described in this Article.

Section 2. Rights of Institutional Holders Upon Foreclosure. Any Institutional Holder of a first mortgage on a Lot which comes into possession of that Lot pursuant to judicial foreclosure or foreclosure by power of sale shall:

(a) Acquire title in such Lot free of any claims for unpaid assessments or charges against the Lot accruing prior to the Institutional Holder's acquisition of title;

(b) Not be obligated to cure any breach of this Declaration which is non-curable or of a type which is not practical or feasible to cure and which took place prior to acquisition of title to the Lot by the Institutional Holder; and

(c) Be exempt from any right of first refusal contained in this Declaration, any amendment hereto, or any Supplementary Declaration, and such right of first refusal shall not impair the rights of an Institutional Holder to (i) foreclose or acquire title to a Lot pursuant to the remedies provided in the Mortgage, (ii) accept an assignment in lieu of foreclosure in the event of default by the mortgagor, or (iii) sell or lease a Lot acquired by the Institutional Holder.

Section 3. Consent of Institutional Holders. The consent of Institutional Holders, Insurers or Guarantors shall be required in order to take the following actions with respect to the Association and rights and obligations of Members and Institutional Holders:

(a) Any restoration or repair of the Common Area after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval of the Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of the Owners of such Lots, subject to encumbrances held by such Eligible Holders are allocated, is obtained;

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of Owners of such Lots, subject to first encumbrances held by such Eligible Holders, are allocated;

(c) Unless at least seventy-five percent (75%) of the Owners have given their prior written approval, the Association and the Owners shall not be entitled to: (i) change the pro rata interest or obligations of any Lot for the purposes of levying assessments and charges or allocating distributions of hazard insurance proceeds or condemnation awards; (ii) partition or subdivide all or any part of the Common Area of the Project;

(iii) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this provision); (iv) use hazard insurance proceeds for losses to any portion of the Common Area for other than the repair, replacement or reconstruction of such improvements, except as provided by statute.

Section 4. Amendments to Documents. The following provisions contained in this Section do not apply to amendments to the Bylaws or this Declaration or termination of the Association made as a result of destruction, damage or condemnation pursuant to subsections (a) and (b) of Section 3 above, or to the addition of land in accordance with Article XVII.

(a) The consent of one hundred percent (100%) of the voting power of the Association and the approval of the Eligible Holders of first encumbrances on Lots to which at least sixty-seven percent (67%) of the votes of Members owning Lots subject to such encumbrances pertain, shall be required to terminate the Association.

(b) The consent of at least sixty-seven percent (67%) of the voting power of the Association and the approval of Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of members whose Lots are subject to such an encumbrance pertain, shall be required in order to materially amend any provision of the Declaration, Bylaws, or Articles, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Area; (iv) insurance or fidelity bonds; (v) rights to use the Common Area; (vi) responsibility for maintenance and repair of the Project; (vii) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Association; (viii) boundaries of any Lot or the Common Area; (ix) leasing of Lots and Recreational Vehicles; (x) imposition of any right of first refusal or similar restrictions of the right of any Owner to sell, transfer or otherwise convey his Lot; (xi) establishment of self-management by the Association where professional management has previously been required;

or (xii) any provisions included in the Declaration, Bylaws or Articles which are for the express benefit of Institutional Holders, Guarantors or Insurers of first encumbrances on Lots.

Section 5. Additional Rights of Institutional Holders. Any Institutional Holder of a Mortgage on a Lot in the Project will, upon request, be entitled to: (a) inspect the books and records of the Association during normal business hours; and (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; provided, however, that such audited statements shall be made available only if they have been prepared by the Association in the regular course of business; and (c) receive written notice of all meetings of Owners of the Association and be permitted to designate a representative to attend all such meetings.

Section 6. Information. Any Institutional Holder is authorized to furnish information to the Board concerning the status of any loan encumbering a Lot.

Section 7. Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions contained in this Declaration, nor the enforcement of any lien provisions created herein, shall affect, impair, defeat or render invalid the lien of any first Mortgage made in good faith and for value, but all of the covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title to a Lot is derived through foreclosure, trustee's sale or otherwise.

Section 8. Insurance. The Owners and the Association shall procure and maintain fire and liability insurance and such other insurance as may from time to time be required by Institutional Holders. All such insurance shall contain loss payable clauses naming the Institutional Holders which encumber a Lot by a first Mortgage, as their interests may appear.

Section 9. Priority on Distribution of Proceeds. No Owner or any other party shall have priority over the Institutional Holder of the Mortgage on his Lot in the case of a distribution of insurance proceeds or condemnation awards for losses to or a taking of the Lot or Common Area.

Section 10. Special FNMA-FHLMC Provisions. So long as required by The Federal National Mortgage Association ("FNMA") or The Federal Home Loan Mortgage Corporation ("FHLMC"), the following provisions shall apply in addition to and not in lieu of the foregoing provisions contained in this Article.

(a) Unless two-thirds (2/3) of the Institutional Holders of first encumbrances or Owners of Lots subject to such encumbrances give their consent, the Association shall not: (i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly; (ii) change the method of determining the obligations, assessments, dues or other charges which may be levied against an owner; (iii) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of the Project and the Common Area; (iv) fail to maintain fire or extended coverage insurance, as required by this Declaration; or (v) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

(b) The Association agrees to give written notice to the FNMA or FHLMC or its designated representative of any loss to, or taking of, the Common Area if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00) or damage to a Lot covered by a first Mortgage purchased in whole or in part by the FNMA or FHLMC which damage exceeds One Thousand Dollars (\$1,000.00).

(c) If any loan secured by a Mortgage encumbering a Lot is owned by the FNMA or FHLMC, its successors or assigns or is tendered to the FNMA or FHLMC, its successors or assigns for purchase, the Association and the Owners shall obtain and maintain in full force and effect all insurance coverage's which may at any time be required by the FNMA or FHLMC, its successors or assigns and shall otherwise comply in all respects with all insurance requirements of the FNMA or FHLMC which may be in effect at any time.

EMINENT DOMAIN

Section 1. Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain, or by sale under threat thereof, of all or part of the Common Area.

Section 2. Representation by Board in Condemnation Proceeding. In the event of a taking, the Board shall, subject to the right of all Institutional Holders who have requested the right to join the Board in the proceedings, represent all of the Members in an action to recover all awards. No Member shall challenge the good faith exercise of the discretion of the Board in fulfilling its duties under this Article. The Board is further designated as the sole representative of the Members, in all aspects of condemnation proceedings not specifically covered herein.

Section 3. Award for Common Area. In the event of a taking of all or any part of the Common Area, the Board shall distribute the award forthcoming from the taking authority according to the provisions of this Section after deducting therefrom fees and expenses related to the condemnation proceeding including, without limitation, fees for attorneys and appraisers and court costs. In the event that the taking is by judgment of condemnation and said judgment apportions the award among the Owners and their respective Institutional Holders, the Board shall distribute the amount remaining after such deductions among such Owners and Institutional Holders on the allocation basis set forth in the judgment. In the event that the taking is by sale under threat of condemnation, or if the judgment of condemnation fails to apportion the award, the Board shall distribute the award among the Owners on a pro rata basis, with each Owner receiving an equal share of such award for each Lot owned within the Project.

Section 4. Inverse Condemnation. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

Section 5. Notice to Members. The Board, immediately upon having knowledge of any taking or threat thereof, shall promptly notify all Members.

EASEMENTS

Section 1. Utility Easements. Easements over the Project for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded map of the Project, and as may be hereafter required or needed to service the Project are hereby created by Declarant for the benefit of each Owner and the Association.

Section 2. Common Area Easements. Each Lot within the Project is hereby declared to have an easement over all of the Common Area, for the benefit of the Lots, the Owners thereof, and for their families, guests, invitees and tenants, for all of the purposes and uses described herein including for ingress and egress over and through the Common Area.

Section 3. Utilities. Wherever sewer connections, water connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Project, the Owners of Lots served by such connections, lines or facilities shall have an easement to the full extent necessary for the use and enjoyment of that portion of the connections which service his Lot, and 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 it may be necessary.

Section 4. Establishment of Easements. The easements described in this Declaration shall be deemed established upon the recordation of this Declaration, and shall thereafter be considered covenants running with the land for the use and benefit of all of the Lots and the Common Area, superior to all other encumbrances affecting any portion of the Project. Individual conveyances of Lots may, but shall not be required, to set forth said easements.

GENERAL PROVISIONS

Section 1. Enforcement. The Association and each 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 this Master Declaration, any Supplemental Declaration, or any amendment thereto and the Articles and Bylaws; provided, however, that with respect to assessment liens, the Association shall have the exclusive right to the enforcement. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 2. Severability of Covenants. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Master Declaration shall run with and bind the Covered Property and the Project, and shall inure to the benefit of and shall be enforceable by the Association and the Owners, their legal representatives, heirs, successors and assigns until twenty (20) years after the date this Declaration is recorded, after which date they shall automatically be extended for successive periods of ten (10) years.

Section 4. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a phased recreational vehicle planned development and for the maintenance of the community recreational facilities and Common Areas. In case of any conflict between this Master Declaration and the Articles or Bylaws, this Declaration shall control. The article and section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5. Amendments. Subject to the rights of lenders described in Article XIII above, this Master Declaration may be amended only by the affirmative assent or vote of fifty percent plus one (50%+1) of the voting power of the Association, provided, however, that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of the affirmative votes prescribed for action to be taken under that clause.

This amendment provision shall not be amended to allow amendments by the assent or vote of less than the prescribed percentage of voting power required for amendments hereof. An amendment or modification shall be effective when executed by the Secretary of the Association, who shall certify that the amendment or modification has been approved as provided herein, and recorded in the official records of the County. No amendment or modification of this Declaration which would adversely affect the rights of the City to enforce the terms and provisions of this Declaration as they relate to the maintenance of the Common Area, structures and landscaping within the Project, or which would terminate or materially impair the powers and duties of the Association as set forth in this Declaration, or which would interfere with the rights of ingress and egress to any Lot or the Common Area shall be effective without the prior written consent of the Planning Director of the City.

Section 6. Dissolution. So long as there is any Lot or Common Area for which the Association is obligated to provide management, maintenance, preservation or control, the Association may be dissolved or may transfer all or substantially all of its assets only upon the approval of one hundred percent (100%) of the Members.

Section 7. Non-liability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, any other committees of the Association or any member of such Board or committee shall be liable to any Member of the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 8. Information to Prospective Purchasers. Prior to the execution of any contract of sale by the Owner of a Lot to a prospective purchaser, the Owner shall provide such prospective purchaser with (a) a copy of the Association's Articles, Bylaws and Covenants, Conditions and Restrictions, the written statement referred to in Section 10 of Article VI above, and the most current financial statements of the Association which have been distributed by the Board as described in Article VII of the Bylaws.

Section 9. Violation of Declaration. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated is hereby declared to be and constitute a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Architectural Committee and the Association. Such remedy shall be deemed cumulative and not exclusive.

Section 10. Common Plan Declaration. The covenants, conditions and restrictions set forth in this Declaration constitute a general scheme for the development, protection and maintenance of the Project to enhance its value, desirability and attractiveness for the benefit of all Owners. By acquiring any ownership interest in a Lot subject to this Declaration, each person or entity, for himself, his heirs, personal representatives, successors, transferees and assigns, agrees to be subject to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration. All the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all future Owners, grantees, purchasers, assignees, and transferees.

EXHIBIT "A"

Residential Lots 1 through 240, inclusive, and Common Area Lots 241 through 253, inclusive, and Common Area Lots B through R, inclusive, of Tract No. 20494-1, as per Amended Map recorded in Book 152, Pages 19 through 24, inclusive, of Maps; Residential Lots 1 through 177, inclusive, and Common Area Lots 178 through 193, inclusive, and Common Area Lots B through J, inclusive, of Tract No. 20494-2 as Per Map recorded in Book 204, pages 68 through 73, inclusive, of Maps; Residential Lots 1 through 196, inclusive, and Common Area Lots 197 through 206, inclusive, and Common Area Lots B through I, inclusive, of Tract No. 20494-3 as per Map recorded in Book 221, Pages 89 through 94, inclusive, of Maps; Residential Lots 1 through 20, inclusive, and Common Area Lots A, B, C and 21, inclusive, of Tract No. 20494-4 as per Map recorded in Book 228, Pages 6 and 7 of Maps; Residential Lots 1 through 168, inclusive, and Common Area Lots C through G, inclusive, and Common Area Lots 169 through 181, inclusive, of Tract No. 20494-5 as per Map recorded in Book 239, Pages 54 through 60, inclusive, of Maps;