

AMENDMENT NO. 1 (COMPLETE RESTATEMENT)

TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COBBLESTONE CREEK
A CONDOMINIUM PROJECT

PREAMBLE

WHEREAS SECURE PROPERTIES INCORPORATED, a California Corporation, hereinafter called "Declarant" is the owner of all that certain property located in the City of Garden Grove, County of Orange, California, more particularly described on that certain Condominium Plan recorded in the office of the Recorder of Orange County, California on May 11, 1983, as document no. 83-199910; hereinafter referred to as the "Plan", which property is subject to that certain Declaration of Covenants, Conditions and Restrictions recorded on May 11, 1983, as document no. 83-199909;

WHEREAS Declarant desires to amend said original Declaration of Covenants, Conditions, and Restriction;

WHEREAS said property is a "Project" within the meaning of Section 1350(3) of the California Civil Code, subject to the provisions of the California Condominium Act (Title VI, Part 4, Division Second of the Civil Code), and it is the intention and desire of Declarant to divide the Project into Condominiums by grant deeds substantially in the form attached hereto and Marked Exhibit I; and

WHEREAS it is Declarant's intention to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of all said Condominiums and the Owners thereof. The development of the Condominium Project will be consistent with the overall development plan submitted and approved by the Veterans Administration;

NOW THEREFORE Declarant hereby amends said Declaration of Covenants, Conditions, and Restrictions by deleting the text thereof in full, and substituting the following:

NOW THEREFORE, Declarant hereby declares that the project is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared to be in furtherance of a plan for the improvement of said property and the divisions thereof into Condominiums and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the

Project and every part thereof. All of the covenants, conditions and restrictions shall run with the real property and shall be binding upon all parties having or acquiring any right, title, or interest therein or any part thereof, and shall be for the benefit of each Owner of any portion of said Project or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the Owners thereof. This Declaration is made by Declarant pursuant to Section 1355 of the California Civil Code.

ARTICLE I - DEFINITIONS

1.1 "Articles" shall mean the Articles of Incorporation of Cobblestone Creek Homeowners Association, Inc., and amendments thereto which are or shall be filed in the office of the Secretary of State of the State of California.

1.2 "Association" shall mean Cobblestone Creek Homeowners Association, Inc., a California nonprofit mutual benefit corporation.

1.3 "Board" shall mean the Board of Directors of the Association.

1.4 "Bylaws" shall mean the Bylaws of the Association and amendments thereto which are or shall be adopted by the Board.

1.5 "Common Area" shall mean the entire project except Units as defined in this Declaration or as shown on the Condominium Plan.

1.6 "Condominium" shall mean an estate in real property as defined in Section 783 of the California Civil Code, consisting of a fee interest in a Unit, and an undivided interest as a tenant in common in the Common Area of the Project and all easements appurtenant thereto.

1.7 "Declarant" means Secure Properties Incorporated, its successors and assigns.

1.8 "Declaration" means the within Declaration of Covenants, Conditions, and Restrictions.

1.9 "Governing Instruments" shall mean the Declaration, the Articles, and the Bylaws.

1.10 "Manager" shall mean the person or corporation, if any, appointed by the Board to manage the Project.

1.11 "Member" shall mean every person or entity entitled to membership in the Association as provided herein.

1.12 "Owner" shall mean the holder or holders of record fee title to a Condominium, including Declarant. "Owner" shall not include any persons or entities who hold an interest in a

Condominium merely as security for performance of an obligation.

1.13 "Plan" shall mean the condominium plan prepared in accordance with Section 1351 of the California Civil Code, filed in the Orange County Records in Book _____ of Maps at pages _____ through _____.

1.14 "Project" shall mean the entire parcel of real property described on the Plan, which is divided to to be divided into Condominiums, including all structures thereon.

1.15 "Restricted Common Area" shall mean and refer to those portions of the Common Area, if any, set aside for the exclusive use of a Unit Owner or Unit Owners, as shown on the Condominium Plan pursuant to Section 2.5 of this Declaration.

1.16 "Rules" shall mean and refer to the Rules and Regulations for Cobblestone Creek, adopted by the Association pursuant to section 3.5.2 of this Declaration.

1.17 "Unit" shall mean and refer to a unit as defined in Section 1350(2) of the California Civil Code, i.e. the elements of a Condominium which are not owned in common with the Owners of other Condominiums in the Project or by the Association. Each Unit is designated as such on the Plan. The boundaries of a Unit shall be as designed in Section 1353(a) of the California Civil Code, and as shown and described in the Plan.

ARTICLE II - THE PROPERTY

2.1 All the real property described in the Plan, and the improvements thereon, shall be subject to this Declaration.

2.2 Except as provided by Section 1354 of the Civil Code, there shall be no further partition by judicial action, or otherwise, of the Project or any part thereof, nor shall Declarant or any person acquiring an interest in the Project or any part thereof seek any voluntary or judicial partition; provided however, that if any Unit shall be owned by two or more persons as tenants in common, joint tenants, or community property, nothing herein shall be deemed to prevent a judicial partition as between such cotenants. The Association is hereby granted an irrevocable power of attorney to sell the Project for the benefit of all the Owners thereof when the partition of the Owners' interests in said Project may be had pursuant to this section. The power of attorney herein granted may be exercised upon the vote or written consent of Owners holding in the aggregate at least two-thirds of the interests in the Common Area by any two Members of the Board who are hereby authorized to record a Certificate of Exercise in the Office of the County Recorder of Orange County, which certificate shall be conclusive evidence thereof in favor of any person relying thereon in good faith; provided, however, that said power of attorney shall not apply to the Administrator of Veterans Affairs, an officer of the

United States of America.

2.3 Each owner shall be entitled to the exclusive ownership and possession of his or her Unit. An Owner shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors, ceilings, windows, and doors bounding his or her Unit, nor shall the Owner be deemed to own the utilities running through his or her Unit which are utilized for, or serve more than one Unit, except as tenant in common with the other owners. An Owner, however, shall be deemed to own and shall have the exclusive right to paint, repaint, tile, wax, paper, or otherwise refinish and decorate the inner surfaces of the walls, floors, ceilings, windows, and doors bounding his or her Unit.

2.4 Each Unit Owner shall be entitled to an undivided 1/61st interest in the Common Area. Use of the Common Area is exclusively reserved for the use and benefit of the Owners and their guests. The fractional interest of each Owner in the Common Area, shall have a permanent character and shall not be altered without the consent of all Owners expressed in an amended Declaration duly recorded. The fractional undivided interest in the Common Area shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. Each Owner may use the Common Area in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of other Owners.

2.5 The portions of the Common Area designated "Patio", "Deck", "Laundry", and "Garage" are subject to exclusive easements appurtenant to specific Units, and are restricted to the exclusive use of the Owners of the Units to which they are appurtenant, as set forth in the Plan. All other parking areas shall be available for the use of all Owners and their guests.

2.6 Each Unit Owner shall have a non-exclusive easement for use and enjoyment of the Common Area and for ingress, egress, and support over and through the Common Area to a dedicated street. These easements shall be appurtenant to, and shall pass with the title to, each Unit and shall be subordinate to the exclusive easements granted elsewhere in this Declaration, as well as any rights reserved to the Association to regulate time and manner of use, and to perform its obligations under this Declaration, provided however, the Association shall not have the authority to deny any Owner or his guests ingress or egress to his Unit, or associated garage.

2.7 The Association may grant third parties easements in, on, and over the Common Area for the purpose of constructing, installing, or maintaining necessary utilities and services, and each Unit Owner, in accepting his deed to the Unit, expressly consents to such easements. No such easement can be granted, however, if it would interfere with any exclusive easement, or

with any Owner's use, occupancy, or enjoyment of his Unit.

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

ARTICLE III - HOMEOWNER'S ASSOCIATION

3.1 The Association is a nonprofit mutual benefit corporation, organized under the laws of the State of California, charged with the duties and invested with the powers prescribed by law and set forth herein, in the the Articles of Incorporation, and the Association Bylaws.

3.2 Membership in the Association is automatically granted to the Owner or Owners of each Unit in the Project. Upon the transfer of title to any Unit, the membership of the transferor automatically ceases and the new Owner or Owners become Members.

3.3 The Association shall have two classes of voting memberships, as follows:

3.3.1 Class A: All Owners, with the exception of the Declarant, shall be entitled to Class A membership. Class A Members shall be entitled to one vote for each Unit Owned. When a Unit is owned by more than one person, such persons shall decide among themselves how that Unit's vote is to be cast, but in no event shall more than one vote be cast per Unit. The owners may designate one of the Owners, with the exception of the Declarant, to be the "voting member", who shall have the authority to cast any vote as such Owner sees fit; or they may decide by a majority vote among themselves how their Unit's vote is to be cast, but fractional votes shall not be allowed.

3.3.2 Class B: The Declarant shall be the sole Class B Member. The Class B Member shall be entitled to three votes for each Unit Owned. Class B Membership shall cease and be converted to Class A membership upon the occurrence of whichever of the following is first in time:

3.3.2.1 The total outstanding votes of the Class A Members equals or exceeds the total outstanding votes of the Class B Member; or

3.3.2.2 On the second anniversary of the original issuance of the subdivision public report for the Project;

3.4 Meetings of the Members shall be held and conducted as follows:

3.4.1 The first meeting of the Members of the Association shall be held within forty-five days after the closing of the sale of the Unit that represents the fifty-first percentile interest authorized for sale under the first Final Subdivision Public Report issued for the Project by the California Real Estate Commissioner, or within six months after the closing of the sale of the first Unit within the Project, whichever is earlier. Thereafter, the annual meeting of the Members of the Association shall be held on the second Saturday of April of each succeeding calendar year at the hour of 7:00 P.M. If the day set for the annual meeting shall be a legal holiday, the meeting shall be held at the same hour on the first Saturday following which is not a legal holiday.

3.4.2 Special meetings of the Members may be called by a majority of a quorum of the Board, or by the President of the Association. In addition, special meetings of the Members for any lawful purpose must be called by the Board upon receipt of a written request therefore by five percent or more of the Members.

3.4.3 Meetings of the Members shall be held within the Project or at a meeting place as close thereto as possible as the Board may specify in writing. Unless unusual conditions exist, meetings shall not be held outside the county in which the Project is located.

3.4.4 Written notice of all Members' meetings shall be given by or at the direction of the Secretary of the Association (or other person authorized to call the meeting) by sending first class mail or personally delivering a copy of such notice at least ten, but not more than ninety, days before such meeting to each Member who, on the record date for notice of the meeting, is entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. If no such address appears or is given, notice shall be given at the place where the principal office of the Association is located or by publication at least once in a newspaper of general circulation in the County in which the principal office is located. The notice shall state the place, date, and time of the meeting. In the case of a special meeting, the notice shall also state the general nature of the business to be transacted. In the case of a special meeting, the notice shall also state those matters which the Board, at the time the notice is given, intends to present for action by the Members.

3.4.5 The presence either in person or by proxy of a majority of the voting power entitled to vote at any meeting shall constitute a quorum for any action except as otherwise provided in the Articles, Bylaws, or this Declaration. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the absence of a quorum at a members'

meeting, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five days nor more than thirty days from the meeting date, but shall conduct no other business, at which time the quorum requirement shall be twenty-five percent of the voting power of the membership of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the manner prescribed for regular meetings.

3.4.6 At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after eleven months from the date of its execution, unless otherwise specifically provided in the proxy.

3.4.7 Any action which may be taken by the vote of Members at a regular or special meeting, except the election of Directors, may be taken without a meeting if done in compliance with Section 7513 of the California Corporations Code.

3.5 The Association shall have all the powers of a nonprofit mutual benefit corporation under California law, subject only to the limitations in this Declaration or in the other Governing Instruments of the Association. It may perform all acts which may be necessary for or incidental to the performance of the obligations and duties imposed upon it by this Declaration or the other Governing Instruments. Its powers shall include, but are not limited to, the following:

3.5.1 The Association shall have the power to establish, fix, and levy assessments against the Unit Owners in accordance with the procedures set out in Article IV of this Declaration and subject to the limitations therein.

3.5.2 The Association shall have the power to adopt reasonable operating rules governing the use of the Common Area and any facilities located thereon, and of any other Association property. Such Rules may include, but are not limited to, reasonable restrictions on use by the Unit Owners and their guests, rules of conduct, and the setting of reasonable fees for the use of recreational facilities. A copy of the current Association Rules shall be given to the Owner and shall be posted at conspicuous places in the Common Area.

3.5.3 The Association has the right to institute and maintain actions for damages or to restrain any actual or threatened breach of any of the provisions of this Declaration, the Articles, Bylaws, or Rules of the Association, in its own name and on its own behalf, or on the behalf of any consenting

Unit Owner. It may enforce payment of assessments in accordance with the provisions of Article IV of this Declaration.

3.5.4 In addition to the general power of enforcement above, the Association may discipline its Members for violation of any of the provisions of the Governing Instruments or Association Rules by suspending the violator's voting rights, privileges for use of the Common Area, or by imposing reasonable monetary penalties for such violations, subject to the following limitations:

3.5.4.1 The accused Member must be given notice and an opportunity to be heard with respect to the alleged violation in accordance with the provisions of Section 7341 of the California Corporations Code.

3.5.4.2 Any suspension of a Member's Association privileges shall not exceed thirty (30) days for each violation.

3.5.4.3 Any monetary penalty hereunder shall not be deemed an assessment enforceable by sale of the Unit as provided in paragraph 4.6.

3.5.4.4 Except under the provisions of Article IV of this Declaration, relating to foreclosure for failure to pay assessments, or as a result of the judgment of a court or a decision arising out of arbitration, the Association shall in no way abridge the right of any Owner to the full use and enjoyment of his Unit.

3.5.5 The Association, acting through the Board, shall have the power to delegate its authority, duties, and responsibilities to such committees, officers, or employees as are allowed under the Governing Instruments to be retained.

3.5.6 The Association's agents or employees shall have the right to enter any Unit when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible. Such entry shall be made only after approval of two-thirds vote of the Board and after not less than three days notice has been given to the Owner, except in the case of an emergency, and with as little inconvenience to the Unit Owner as practical. Any damage caused by the Association shall be repaired by the Association.

3.6 In addition to the duties delegated to the Association or its agents and employees elsewhere in these Governing Instruments, the Association shall be responsible for the following:

3.6.1 The Association, acting through the Board, shall operate and maintain the Common Areas and the facilities located thereon; such duty shall include, but shall not be limited to: exterior painting, maintenance, repair, and all of the

landscaping of the Common Area, and such furnishings and equipment for the Common Area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Area; provided, however, that the interior surfaces of each Unit (and the interior surfaces of other areas, the exclusive use of which is reserved to the Owner by easement) shall be painted, maintained, and repaired by the Owners thereof, all such maintenance to be at the sole cost and expense of the particular Owner.

3.6.2 The Association shall acquire and pay for out of the maintenance fund hereinafter provided for, the following:

3.6.2.1 Water, sewer, garbage, electrical, telephone, gas, elevator, and other necessary utility service for the Common Area and, to the extent not separately metered and charged, for the Units;

3.6.2.2 A policy or policies of fire insurance with extended coverage endorsement for the full insurance replacement value of the Units and Common Area, payable as provided in Article VII herein, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners, and their mortgagees, as their respective interests may appear;

3.6.2.3 A Policy or policies insuring the Board and the Owners and/or Owners' Association against any liability to the public or to the Owners, their tenants and invitees, incident to the ownership and/or use of the Project, and including the personal liability under such insurance shall not be less than \$50,000 for any one person injured, \$1,000,000 for any one accident, and \$1,000 for property damage. Such limits and coverage shall be reviewed at least annually by the Board and increased in its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsement where the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured;

3.6.2.4 A Fidelity Bond covering members of the Board, officers and employees of the Association and employees of any management agent, whether or not such persons are compensated for their services, naming the Association as Obligee and written in an amount equal to at least 150% of the Association's annual assessments plus reserves.

3.6.2.5 The services of such personnel as the Board shall determine to be necessary or proper for the operation of the Common Area; and

3.6.2.6 Legal and accounting services necessary or proper in the operation of the Common Area or the enforcement of this Declaration.

3.6.2.7 Workers' compensation insurance to the extent necessary to comply with any applicable laws.

3.6.3 If the Association is obligee under a bond or other arrangement to secure the performance of Declarant as to any Common Area improvements that were not completed prior to the issuance of the final public report on the Project, the following provisions relative to the initiation of action to enforce such a bond shall be applicable:

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

3.6.3.2 If the Board votes not to initiate action to enforce the obligations under the bond, or if it fails to consider and vote on the matter as required, a special meeting of the Members of the Association shall be called for purpose of overriding the Board's decision or for taking action on the matter, upon receipt of a petition calling for such a meeting signed by Members representing at least five percent (5%) of the total voting power of the Association. The meeting shall be held not less than fifteen (15) days nor more than thirty (30) days after receipt of the petition by the Board. At such special meeting, only the Members other than Declarant shall be allowed to vote on the matter. A vote by a majority of the voting power of the Association residing in Members other than Declarant to take action to enforce the obligations under the bond shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

3.6.4 The Association shall regularly prepare and distribute financial statements to the Members in accordance with the following:

3.6.4.1 A pro forma operating statement for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

3.6.4.2 A balance sheet, as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Unit in the Project, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments

received and receivable identified by the number of the Project Unit and the name of the entity assessed.

3.6.4.3 An annual report containing the following shall be distributed within 120 days after the close of the fiscal year:

3.6.4.3.1 A balance sheet as of the end of the fiscal year.

3.6.4.3.2 An operating (income) statement for the fiscal year.

3.6.4.3.3 A statement of changes in financial position for the fiscal year.

3.6.4.4 Such other statements and reports as may be required by Section 8322 of the California Corporations Code.

3.6.5 For any year, an external audit by an independent public accountant shall be required for the fiscal year annual report.

3.7 The affairs of the Association shall be managed and its duties and obligations performed by an elected Board of Directors, subject to the following provisions:

3.7.1 The Board shall consist of five persons, who need not be Members of the Association, until conversion of Class B memberships to Class A, after which time all Directors must be Members of the Association.

3.7.2 At the first meeting of the Association, the Members shall elect three Directors for a term of one (1) year, and two directors for a term of two years. At each annual meeting thereafter the Members shall elect the number of directors whose terms shall then be expiring.

3.7.3 The nomination and election of Directors shall be in accordance with the following:

3.7.3.1 Nomination for election to the Board of Directors shall be made by:

3.7.3.1.1 A nominating committee appointed by the Board at least ninety (90) days prior to an annual meeting of Members, provided the report of the committee is received by the Board at least thirty (30) days prior to the annual meeting of Members;

3.7.3.1.2 A petition in writing, containing the written consent to serve as a Director of the person sought to be nominated, delivered to the Secretary of the Association at least thirty (30) days prior to the an annual meeting and signed within eleven (11) months preceding the annual meeting by Members

representing ten percent of the "voting power" of the Association as the term "voting power" is defined in the Nonprofit Corporation Law of the State of California; or

3.7.3.1.3 Any Member who is present in person, or by the proxy of any Member who is present by proxy, at the annual meeting of Members at which the Director is to be elected.

3.7.3.2 Voting for Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of this Declaration. The persons receiving the highest number of votes shall be elected. Each Member may cumulate his or her votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which such Member is entitled, or distribute the votes on the same principle among as many candidates as such Member thinks fit. No member shall be entitled to cumulate votes for a candidate or candidates unless such candidates' names have been placed in nomination prior to the voting,; and the member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any one Member has given such notice, all members shall hve the right to cumulate votes.

3.7.3.3 Notwithstanding the provisions of Section 3.7.3.2 of this Article, at any election in which the Members other than Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one Director through the cumulation of all their votes, the person(s) nominated for the Board who receive(s) the highest number of votes cast by Members other than Declarant shall be elected to the Board; and the remaining Directors shall be elected in accordance with normal voting procedures.

3.7.3.4 Unless the entire Board is removed from office by the vote of Association Members, an individual Director shall not be removed prior to the expiration of his or her term of office if the number of votes cast against removal, or not consenting in writing to such removal, is sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of Directors authorized at the time of the Director's most recent election were then being elected. A Director who has been elected to office solely by the votes of Members of the Association other than Declarant as required by Section 3.7.3.3 above, may be removed from office prior to the expiration of his term of office only by the vote of at least fifty-one percent (51%) of the voting power of Members other than Declarant.

3.7.3.5 In the event of a vacancy on the Board caused by the death or resignation of a Director, the remaining

Directors shall elect a successor who shall serve for the unexpired term of his predecessor. The Board shall not fill a vacancy on the Board created by the removal of a Director, except with the vote or written assent of a majority of each class of Members.

3.7.3.6 A Director shall not receive any compensation for any service he may render to the Association; provided, however, that any Director may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

3.7.3.7 The meetings of the Directors shall be held and conducted as follows:

3.7.3.7.1 Regular meetings of the Board of Directors shall be held monthly at such place within the Project, and at such time as may be fixed from time to time by resolution of the Board. Notice of the time and place of such meeting shall be posted at a prominent place or places within the Common Area and shall be communicated to the Directors not less than four (4) days prior to the meeting (unless the time and place of meeting is fixed by the Bylaws), provided however that notice need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

3.7.3.7.2 Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of any special meeting must be given to each Director not less than 72 hours nor more than 30 days prior to the date fixed for such meeting. A copy of such notice shall also be posted in a prominent place or places in the Common Area of the Project.

3.7.3.7.3 A majority of the Board shall constitute a quorum and, if a quorum is present, the decision of a majority of the Directors present shall be the act of the Board.

3.7.3.7.4 Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

3.7.3.7.5 The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall

first be announced in open session.

3.7.3.7.6 The Board may take actions without a meeting if all of the Directors consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the common area within three (3) days after the written consents of all Directors have been obtained.

3.7.3.8 The Board's powers and duties shall include, but not be limited to, the following:

3.7.3.8.1 Enforcement of the applicable provisions of this Declaration, the Articles, Bylaws, and any Rules of the Association.

3.7.3.8.2 Payment of taxes and assessments which are, or could become, a lien on the Common Area or a portion thereof.

3.7.3.8.3 Contracting for casualty, liability, and other insurance on behalf of the Association.

3.7.3.8.4 Contracting for goods and services for the Common Area, facilities, and interests of the Association.

3.7.3.8.5 Delegation of its powers to such committees, or employees of the Association as are expressly authorized by the Governing Instruments.

3.7.3.8.6 Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.

3.7.3.8.7 Formulation of rules of operation for the Common Area and facilities owned or controlled by the Association.

3.7.3.8.8 Initiation and execution of disciplinary proceedings against Members of the Association for violations of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.

3.7.3.8.9 Entering any Unit as necessary in connection with construction, maintenance, or emergency repair for the benefit of the Common Area or the Owners in the aggregate.

3.7.3.8.10 Election of officers for the Board of Directors.

3.7.3.8.11 Filling of vacancies on the

Board of Directors except for a vacancy created by the removal of a Director.

3.7.3.9 Notwithstanding the powers set out above, the Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of each class of Members, or when Class B membership no longer exists, with the approval of a majority of the voting power of the Association residing in Members other than Declarant:

3.7.3.9.1 Entering into a contract with a third person wherein the third person will furnish goods or services for a term longer than one (1) year, except for a management contract approved by the Federal Housing Administration or Veterans Administration; a contract with a public utility if the rates charged are regulated by the Public Utilities Commission, provided that the term shall not exceed the shortest term for which the utility will contract at the regulated rate; or prepaid casualty and/or liability insurance of not more than three (3) years duration, provided that the policy provides for short-rate cancellation by the insured.

3.7.3.9.2 Incurring aggregate expenses for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

3.7.3.9.3 Selling during any fiscal year property of the Association having an aggregate fair market value in excess of five (5%) of the budgeted gross expenses of the Association for that fiscal year.

3.7.3.9.4 Paying compensation to Directors or to officers of the Association for services rendered 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.

3.7.3.9.5 Filling a vacancy on the Board of Directors created by the removal of a Director.

3.8 The Association's Governing Instruments and the Association's membership records, books of account, and minutes of the meeting of the Members, of the Board, and of committees of the Board shall be made available for inspection as follows:

3.8.1 Any Member, prospective member, first encumbrance holder, or holders, insurer, or guarantor of a first encumbrance on any Condominium, shall have the right to inspect the above records and copy them at any reasonable time and for a purpose reasonably related to his interest. This right is subject to the power of the Board to set reasonable times for inspection, notice requirements, and fees to cover the cost of making copies of the documents requested by a Member.

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

ARTICLE IV. ASSESSMENTS AND COLLECTION PROCEDURES

4.1 The Declarant covenants and agrees for each Unit owned by it in the Project, and each Owner by acceptance of the deed to such Owner's Unit is deemed to covenant and agree, to pay to the Association the regular and special assessments levied pursuant to the provisions of this Declaration. All monies collected shall be put into a maintenance fund to be used to defray expenses attributable to the ownership, operation, and maintenance of common interests by the Association, but the Owner may not waive or otherwise escape liability for these assessments by nonuse of the Common Area or abandonment of such Owner's Unit. Each assessment, along with interest thereon, late charges, collection costs, and reasonable attorneys fees shall be a continuing lien upon the Unit to become effective upon recordation of a notice of assessment, and also shall be the personal obligation of the Unit Owner of record at the time of assessment. Late charges shall not exceed the amounts permitted under California Civil Code section 1725, or any successor statute, and interest shall not exceed the maximum amount permitted by law on such obligation.

4.2 Regular and special assessments shall be made in accordance with the following:

4.2.1 Within sixty (60) days prior to the beginning of each calendar year, the Board shall estimate the net charges to be paid during such year, including a reasonable provision for contingencies and replacements with adjustments made for any expected income and surplus from the prior year's fund. Such estimated cash requirement shall be assessed to the Unit Owner according to the ratio of the number of Units owned by the Unit Owner assessed to the total number of Units in the Project subject to assessment. Each Unit Owner is obligated to pay assessments to the Board in equal monthly installments on or before the first day of each month.

4.2.2 If the Board determines that the amount to be collected from regular assessments will be inadequate to defray the common expenses for the year due to the cost of any constructions, unexpected repairs or replacements of capital improvements upon the Common Area, or for any other reason, it shall make a special assessment for the additional amount needed. Such special assessments shall be levied and collected in the same manner as regular assessments, provided however, any special assessment to raise funds for the rebuilding or major repair of the structural common area housing units of the project shall be levied upon the basis of the ratio of square footage of the Unit

to be assessed to the total square footage of all Units to be assessed.

4.3 The Board may not, without the approval of a majority of each class of Members of the Association, or where Class B membership no longer exists, a majority of the voting power of the Association residing in Members other than Declarant, impose a regular annual assessment per Unit which is more than twenty percent (20%) greater than the regular annual assessment for the preceding year, nor levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that year. These limitations shall not apply to a special assessment levied against a Unit Owner to reimburse the Association for funds expended in order to bring the Owner into compliance with provisions of the Association's Governing Instruments.

4.4 Regular assessments shall commence on the date of closing of the first sale of a Unit in the Project.

4.5 Each monthly portion of a regular assessment and each special assessment shall be a separate, distinct, and personal debt and obligation of the Unit Owner against whom the same are assessed. The amount of any assessment not paid when due shall be deemed to be delinquent and shall become a lien upon the Unit when a notice of assessment is duly recorded as provided in Section 1356 of the California Civil Code. A notice of assessment shall not be recorded until the Unit Owner has been given a notice of delinquency and has not cured said delinquency within fifteen (15) days. A certificate executed and acknowledged by a majority of the Board and the Unit Owner stating the indebtedness secured by a lien on any Unit shall be conclusive upon the Board and the Unit Owner as to the amount of such indebtedness on the date of the certificate in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Unit Owner upon request at a reasonable fee. Said notice shall be signed by the President or Vice-President and Secretary or Assistant Secretary of the Association.

Any such lien may be foreclosed by an appropriate action in court or in the manner provided by law for the foreclosure of a mortgage under power of sale. Any action in court brought to foreclose such a lien shall be commenced not later than one year nor less than ten (10) days after the recordation of the notice of assessment. In the event the foreclosure is under power of sale, the Board, or any other person designated by it in writing, shall be deemed to be acting as the agent of the lienor and shall be entitled to actual expenses and such fees as may be allowed by law or as may be prevailing at the time the sale is conducted.

Such sale shall be conducted in accordance with the provisions of Sections 2924, 2924b, and 2924c of the California Civil Code applicable to the exercise of powers of sale and mortgages and deeds of trust, or in any other manner permitted by law. The

certificates of sale shall be executed and acknowledged by any two members of the Board or by the person conducting the sale. A deed upon court foreclosure shall be executed in a like manner after the lapse of the period of redemption then required by statute.

Immediately upon recording of any notice of delinquency pursuant to the foregoing provisions of this section, the amounts delinquent, as set forth in such notice, together with the costs, attorney's fees, and interest accruing thereon, shall be and become a lien upon the Condominium described therein, which lien shall also secure all other payments and/or assessments which shall become due and payable with respect to said Condominium following such recording, and all costs, attorney's fees, and interest accruing thereon. Said lien shall continue for a period of one year unless extended for a period of an additional year by the recording of a written extension of the Association. When a notice of assessment has been recorded, such assessment shall constitute a lien on each respective Condominium prior and superior to all other liens, except (i) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (ii) the lien or charge of any first mortgage of record.

4.6 The holders of first deeds of trust or mortgagees of Units in the Project shall be entitled to the following rights and privileges:

4.6.1 Notwithstanding all other provisions of this Declaration, liens created hereunder upon any Unit shall be subject and subordinate to, and shall not affect the rights of the holder of, the indebtedness secured by any recorded first mortgage (meaning a mortgage with first priority over other mortgages) upon such interest made in good faith and for value. The transfer of a Unit as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the first encumbrance shall extinguish the lien of assessments which were due and payable prior to the transfer of the Unit. After the foreclosure of any such mortgage there may be a lien created pursuant to this Article on the interest of the purchaser, including the former beneficiary of the first encumbrance, to secure all assessments assessed to such purchaser as a Unit Owner after the date of such foreclosure sale, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

4.6.2 No amendment of this Article shall affect the rights of the holder of any first mortgage recorded prior to the recordation of such amendment who does not join in the execution thereof.

4.7 Upon acquisition of record title to a Condominium from Declarant, each Owner shall contribute to the capital of the Association an amount equal to one-sixth the amount of the then annual assessment for that Condominium. This amount shall be

deposited by the buyer into the purchase escrow, and disbursed therefrom to the Association. Sixty days after close of the first sales escrow of a condominium by Declarant, as seller, Declarant shall deposit with the Association an amount equal to one-sixth of the then annual assessment for all condominiums not yet sold. Upon close of escrow of any Condominium for which the capital contributions was prepaid by Declarant, escrow shall remit to the Declarant the capital contribution collected from the Owner.

ARTICLE V. RESTRICTIONS AND COVENANTS

5.1 The right of a Unit Owner and his guests to occupy or use his Unit, or to use the Common Area or any of the facilities thereon, is subject to the following restrictions:

5.1.1 No Unit Owner shall occupy or use his Unit, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence. Nothing in this Declaration shall prevent the Unit Owner from leasing or renting out his Unit, provided that it is not for transient or hotel purposes, for a period of at least thirty days, and is subject to the Association's Governing Instruments and Rules.

5.1.2 There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area without the prior consent of the Board except as hereinafter expressly provided, or in designated storage areas.

5.1.3 Nothing shall be done or kept in any Unit or in the Common Area which will increase the rate of insurance on the Common Area without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Unit or in the Common Area which will result in the cancellation of insurance on any Unit or on any part of the Common Area or which would be in violation of any law. No waste shall be permitted in the Common Area. No gasoline, kerosene, cleaning solvents, or other flammable liquids shall be stored in the Common Area or in any Unit; provided, however, that reasonable amounts in metal containers may be stored in the storage spaces.

5.1.4 No sign of any kind shall be displayed to the public view on or from any Unit or the Common Area without the prior written consent of the Board, except a sign advertising the property for sale as provided in Section 712 of the California Civil Code.

5.1.5 No animals, livestock, or poultry of any kind shall be raised, bred, or kept in the Unit or in the Common Area, except that dogs, cats, or other household pets may be kept in Units, subject to the Rules and Regulations adopted by the Board.

5.1.6 No noxious or offensive activity shall be carried on in any Unit or in the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance

to the other Owners.

5.1.7 Nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Board.

5.1.8 There shall be no violation of the Rules for the use of the Common Area adopted by the Board and furnished in writing to the Owners, and the Board is authorized to adopt such Rules.

5.1.9 No Owner shall park any automobile or other motor vehicle in the Common Area except in a space designated for the Owner by the Board.

5.2 Except for those portions which the Association is required to maintain and repair, each Unit Owner shall, at his sole cost and expense, maintain and repair his Unit, keeping the same in good condition and repair. Each Unit Owner shall also maintain and repair those portions of the Common Area subject to an exclusive easement appurtenant to his Unit.

5.3 Each Unit Owner shall be liable to the Association for all damage to the Common Area or other Association property that is sustained by reason of the negligence or willful misconduct of that Owner, his family, guests, or tenants.

5.4 Declarant shall be exempt from the restrictions of Section 5.1 to the extent necessary for completion of construction, sales, or additions to the Project. Such exemption includes, but is not limited to, maintaining Units as model homes, placing advertising signs on Project property, and generally making such use of Project lots and Common Areas as is necessary to carry on construction activity. The exemption of Declarant shall expire three years after the date of sale of the first Condominium in the project. Declarant shall make any required repairs or restorations.

ARTICLE VI. ARCHITECTURAL AND DESIGN CONTROL

6.1 No building, addition, wall, fence, or alteration shall be begun, constructed, maintained, or permitted to remain on any lot or Unit, or on the Common Area, until complete plans and specifications of the proposed work have been submitted to and approved by the Architectural Control Committee. The Committee shall review all such proposals to judge whether they are compatible with the standards of design, construction, and quality of the Project and, if they are not, to require that changes be made before approval.

6.2 The Architectural Control Committee shall consist of three members, formed as follows:

6.2.1 The Declarant shall appoint all of the original

members and all replacements until the first anniversary of the issuance of the original final public report for the first phase of the Project and may reserve the power to appoint a majority of the Committee until ninety percent (90%) of all Units in the Project have been sold or until the fifth anniversary date of the original issuance of the final public report for the first phase of the Project, whichever occurs first. After one year from the date of the issuance of the first final public report for the first phase of the Project, the Board shall have the right to appoint one member to the Committee, until ninety percent (90%) of the Units have been sold or until the fifth anniversary date of the original issuance of the final public report for the first phase of the Project, whichever occurs first. Thereafter, the Board shall have the right to appoint all of the members of the Committee.

6.2.2 Members appointed to the Committee by the Board shall be from the membership of the Association. Members appointed to the Committee by the Declarant need not be Members of the Association.

6.2.3 The term of the initial appointees shall be one (1) year, and thereafter members will serve two-year terms unless it becomes necessary to remove members appointed by Declarant in order to comply with Section 6.2.1, in which case the terms of all members will end at that time, and the Board will appoint a new Committee. Notwithstanding the foregoing, all members of the Committee shall serve at the will of the party which appointed them and may be removed by said party at any time with or without cause.

6.2.4 The Committee shall meet as often as it deems necessary to properly carry out the obligations imposed upon it, unless directed otherwise by the Board.

6.3 All decisions of the Architectural Control Committee are subject to review by the Board of Directors and may be appealed to the Board. The Committee shall notify the Board of all violations of this Article and of any noncompliance with its rulings or with the plans and specifications submitted to and approved by it, after which the Board shall take such actions as it deems necessary in accordance with the provisions of this Declaration.

ARTICLE VII. DAMAGE DESTRUCTION OR CONDEMNATION

7.1 If the Project is damaged by fire or other casualty and said damage is limited to a single Unit, all insurance proceeds shall be paid to the Owner or Owners, mortgagee or mortgagees of the Owner or Owners, as their respective interests may appear, and such Owner or Owners, mortgagee or mortgagees, shall use the same to rebuild or repair such Unit in accordance with the original plans and specifications therefore. If such damage extends to two or more Units, or extends to any part of the Common Area:

7.1.1 If the cost of rebuilding or repairing does not exceed the available insurance proceeds initially offered or paid by the insurer by Five Thousand Dollars (\$5,000.00) such insurance proceeds shall be paid to the insurance trustee hereinafter designated. The Board shall thereupon contract to repair or rebuild the damaged portions of all Units and the Common Area in accordance with the original plans and specifications therefore, and the funds held in the insurance trust fund shall be used for this purpose. If the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding, the Board shall levy a special assessment on all Owners in proportion to the fair market value of the units at the time of destruction as determined by an independent appraiser selected under the procedurs of the American Arbitration Association.

7.1.2 If subparagraph 7.1.1 is inapplicable, then:

7.1.2.1 All insurance proceeds shall be paid to an insurance trustee, as designated by the Board to be held for the benefit of the Owners and their mortgagees as their respective interests may appear. The Board is authorized to enter on behalf of the Owners into such agreement, consistent with this Declaration, with such insurance trustee, relating to its powers, duties, and compensation as the Board may approve; but nothing herein shall authorize the Board to take any action binding upon the Administrator of Veterans' Affairs;

7.1.2.2 The Board shall obtain firm bids (including the obligation to obtain a performance bond) from two or more responsible contractors to rebuild the Project in accordance with its original plans and specifications and shall, as soon as possible thereafter, call a special meeting of the voting Owners to consider such bids. If the Board fails to do so within sixty (60) days after the casualty occurs, any Owner may obtain such bids, and call and conduct such meeting as herein provided (failure to call such meeting or to repair such casualty damage within twelve (12) months from the date such damage occurred shall be deemed for all purposes a decision not to rebuild said building). At such meeting, the Owners may by sixty-six and two-thirds percent (66 2/3%) vote elect to reject all of such bids and thus not to rebuild, or by fifty-one percent (51%) vote elect to reject all such bids requiring amounts more than five thousand dollars (\$5000.00) in excess of available insurance proceeds. Failure to reject all bids shall authorize the Board to accept the unrejected bid it considers most favorable;

7.1.2.3 If a bid is to be accepted, the Board shall levy a special assessment in proportion to the interest of each Owner in the Common Area to make up any deficiency between the total insurance proceeds and the contract price for such repair or rebuilding, and such assessment and all insurance proceeds, whether or not subject to liens of mortgagees, shall be

paid to said insurance trustee to be used for such rebuilding. If any Owner shall fail to pay the special assessment within thirty (30) days after the levy thereof, the Board shall make up the deficiency by payment from the maintenance fund. Upon payment, the Board shall let the contract to the successful bidder;

7.1.2.4 Upon an election not to rebuild, the Board, as soon as reasonably possible and as agent for the Owners, shall sell the entire Project, in its then condition, free from the effect of these Restrictions, which shall terminate upon such sale, on terms satisfactory to the Board. The net proceeds, and all funds held by said insurance trustee, shall thereupon be distributed to the Owners and their respective mortgagees in proportion to the fair market values of the Units at the time of destruction. If the Owners are unable to agree upon such distribution, the proceeds shall be allocated by an independent appraiser, selected under the procedures of the American Arbitration Association.

7.1.3 Within sixty (60) days after any such damage occurs, the Board, or if it does not, any Owner, the insurer, the insurance trustee, or any mortgagee of any Owner, shall record a sworn declaration stating that such damage has occurred, describing it, identifying the building suffering such damage, the name of any insurance trustee, reciting that the sworn declaration is recorded pursuant to this paragraph of these Restrictions, and that a copy of such sworn declaration has been mailed or personally delivered to each.

7.2 If the Owners decide not to rebuild, either by calling a meeting and rejecting all bids presented or by failing to call such a meeting and failing to repair such damage within twelve (12) months after the damage occurs, then the Manager or the Board, or if they do not, any Owner or mortgagee of any Owner, shall record a sworn declaration setting forth such decision and reciting that under the provisions of these Restrictions the prohibition against judicial partition provided for in Section 2.3 hereof has terminated and that judicial partition of the Project may be obtained pursuant to Section 1354 of the Civil Code of the State of California. Upon final judgment of a court of competent jurisdiction decreeing such partition, these Restrictions shall terminate.

7.3 In the event of a condemnation of all or a part of the structural common area of the project which is not apportioned among the Owners by court judgement or agreement between the condemning authority and each of the affected Owners shall be distributed among the affected Owners and their mortgagees according to the relative values of the Units affected by the condemnation. If the parties are unable to agree among themselves on such distribution, the proceeds shall be allocated by an independent appraiser, selected under the procedures of the American Arbitration Association.

7.4 The provisions of this Article cannot be amended without the vote or written consent of the Owners of seventy-five (75%) percent of the Common Area, and the consent of the City of Garden Grove.

ARTICLE VIII. AGE RESTRICTIONS

8.1 To the extent permitted by law, and only to such extent, no child under 18 years of age may permanently reside on any Unit, and no child under 18 years of age may visit or temporarily reside on any Unit for a continuous period of more than two (2) weeks within any six-month period. Each owner shall be accountable to other owners for the conduct of any child visiting or temporarily residing on such owner's Unit. Declarant shall have no liability if, and to the extent, the foregoing age restrictions are declared to be unenforceable in whole or in part.

ARTICLE IX. RIGHTS OF MORTGAGEES

Declarant hereby warrants that mortgagees of Units in the Project shall be entitled to the following rights and guaranties:

9.1 A first mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by the mortgagor of any obligation under the Association's Governing Instruments which is not cured within sixty (60) days.

9.2 Any first mortgagee who obtains title to a Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid assessments which accrue prior to the acquisition of title to said Unit by the mortgagee.

9.3 Unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned), or Unit Owners other than Declarant have given their prior written approval, the Association shall not be entitled to:

9.3.1 By act or omission, seek to abandon or terminate the Project;

9.3.2 Change the pro rata interest or obligations of any individual Unit for the purpose of:

9.3.2.1 Levying assessments or charges, or allocating distributions of hazard insurance proceeds or condemnation awards, or

9.3.2.2 Determining the pro rata share of ownership of each Unit in the Common Area and the improvements thereon;

9.3.2.3 Partition or subdivide any Unit;

9.3.2.4 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 clause);

9.3.2.5 Use hazard insurance proceeds for losses to any Project property (whether to Units or to the Common Area) for other than the repair, replacement, or reconstruction of such property, except as provided by statute in case of substantial loss to the Units and/or Common Area of the Project.

9.4 All taxes, assessments, and charges which may become liens prior to the first mortgage under local law, shall relate only to the individual Units and not to the Project as a whole.

9.5 No provision of the Governing Instruments of the Association gives any Owner, or any other party, priority over any rights of the first mortgagee of the Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or the Common Area or portions thereof.

9.6 Association assessments shall be large enough to provide for an adequate reserve fund for maintenance, repairs, and replacement of those common elements that must be replaced on a periodic basis. Such a reserve fund will be funded through the regular monthly assessments rather than by special assessments.

9.7 Any agreement for professional management of the Project will not exceed three (3) years and shall be cancelable by either party without cause and without imposition of a termination fee on ninety (90) days' written notice.

ARTICLE X. GENERAL PROVISIONS

10.1 This Declaration may be amended by the vote or consent of Members representing not less than seventy five percent (75%) of the voting power of each class of Members of the Association. If only one class of membership exists at the time an amendment is proposed, then it must be approved by not less than seventy five percent (75%) of the voting power of the Association, which shall include at least a majority of the votes residing in Members other than Declarant. Notwithstanding any contrary provision in this Section, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause or provision. So long as there is a Class B membership in the Association, any amendment to this Declaration shall require the prior written approval of the Veterans Administration.

10.2 The provisions of this Declaration shall continue in effect for a term of fifty years from the date of recording after which time it shall be automatically extended for successive periods of ten years, until the membership of the Association decides to terminate it.

10.3 Each remedy provided for in this Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy shall not be construed as a waiver thereof.

10.4 The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision.

10.5 This Declaration, as well as any amendment thereto and any valid action or directive made pursuant to it, shall be binding on the Declarant and the Owners, and their heirs, grantees, tenants, successors, and assigns.

10.6 The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

10.7 The liability of any Unit Owner for performance of any of the provisions of this Declaration shall terminate upon sale, transfer, assignment, or other divestment of said Owner's entire interest in his Unit with respect to obligations arising from and after the date of such divestment.

10.8 Neither Declarant nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of his Unit to any person on the basis of race, color, sex, religion, ancestry, or national origin.

10.9 As used in this Declaration, the singular shall include the plural and the masculine shall include the feminine and the neuter, unless the context requires the contrary. All headings are not a part hereof, and shall not affect the interpretation of any provision.

10.10 The Association and any Owner shall have the right to enforce by any proceedings at law or in equity each covenant, condition, restriction and reservation now or hereafter imposed by the provisions of this Declaration. Each Owner shall have a right of action against the Association for any failure of the Association to comply with the provisions of this Declaration or of the By-Laws or Articles. Failure by the Association or any Owner to enforce any covenant, condition, restriction or reservation contained herein shall not be deemed a waiver of the

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right to do so thereafter.

SIGNATURE

IN WITNESS WHEREOF, the undersigned have executed this instrument this day of , 1983.

SECURE PROPERTIES, INCORPORATED

by

by