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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

VARSITY PARK

(Tract 2726)

Ventura County, California

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

VARSIITY PARK

(Tract 2726)

County of Ventura, State of California

THIS DECLARATION, made on the date hereinafter set forth by the U.S. Condominium Corporation, a California corporation, (hereinafter referred to as "Declarant").

WITNESSETH

WHEREAS, Declarant is the owner of that certain real property in the County of Ventura, State of California, described as follows:

Lots 1 through 40, inclusive, and Lots 92 through 96, inclusive, of Tract 2726-1 as per the map thereof recorded in Book 77 of Miscellaneous Records (Maps) at page 82, et seq., in the office of the County Recorder of said County;

and,

WHEREAS, Declarant has improved or intends to improve said real property by constructing thereon a residential planned development as that term is defined in § 11003 of the California Business and Professions Code; and,

WHEREAS, in order to preserve the value and desirability of said real property, Declarant has or will cause to be formed a non-profit corporation to which will be delegated and assigned the powers of maintaining and administering the Common Areas, administering and enforcing the covenants, conditions and restrictions hereinafter set forth, and collecting and disbursing the assessments and charges hereinafter created; and,

WHEREAS, Declarant will convey said real property subject to the covenants, conditions, restrictions, reservations, liens and charges hereinafter set forth;

NOW THEREFORE, Declarant hereby declares that all of the Properties described above, and such additions thereto as may hereafter be made pursuant to Article II hereof, shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

§ 1.01. "Association" shall mean and refer to Varsity Park Homeowners Association, Inc., its successors and assigns.

§ 1.02. "Member" shall mean and refer to a person entitled to membership in said Association as provided herein.

§ 1.03. "Board" or "Board of Directors" shall mean and refer to the governing body of said Association.

§ 1.04. "Bylaws" shall mean and refer to the Bylaws of said Association as amended from time to time.

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

§ 1.06. "Properties" shall mean and refer to those certain real properties hereinbefore described as Lots 1 through 40, inclusive, and Lots 92 through 96, inclusive, of Tract 2726-1, and such additions thereto as may hereafter be brought within the jurisdiction of said Association.

§ 1.07. "Common Area" shall mean all property owned by the said Association for the common use and enjoyment of the Owners. The Common Areas to be owned by the Association at the time of conveyance of the first Lot are Lots 92 through 96, inclusive of Tract 2726-1.

§ 1.08. "Lot" shall mean and refer to any plot of land or parcel shown upon any recorded subdivision map of the Properties with the exception of the Common Area. Single family residences have been, or will be constructed on Lots 1 through 40, inclusive.

§ 1.09. "FHA" shall mean and refer to the Federal Housing Administration.

§ 1.10. "VA" shall mean and refer to the Veterans Administration.

§ 1.11. "Declarant" shall mean and refer to the U.S. Condominium Corporation, its successors and assigns.

§ 1.12. "Declaration" shall mean and refer to this Enabling Declaration.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

Additional Properties May Be Annexed

§ 2.01. Additional properties may be annexed to and become subject to this Declaration by any of the methods hereinafter set forth in this Article II as follows:

Annexation Pursuant to Approval

§ 2.02. Upon approval in writing of the Association, pursuant to a two-thirds (2/3) majority of the voting power of its Members, or the written assent of such Members, the Owner of any property who desires it to be added to the scheme of this Declaration and subjected to the jurisdiction of the Association, may file of record a Supplementary Declaration of Annexation in a manner described in § 2.04.

Annexation Pursuant to General Plan

§ 2.03. All or any part of the real property described in Exhibits "A", "B", "C", "D", and "E", attached hereto, may be annexed from time to time to the Properties and added to the scheme of this Declaration and subject to the jurisdiction of the Association without the assent of the Association or its Members, provided and on condition that:

- (a) Any annexation pursuant to this section shall be made within two (2) years from the date of issuance of the latest Final Subdivision Public Report for a phase of the overall development of the Properties, or any previously annexed properties, whichever is later;
- (b) The development of the additional Properties shall be substantially in accordance with the General Plan of Development submitted to FHA and

VA, provided that FHA and VA determine that the annexation is in accordance with the General Plan heretofore approved by them;

(c) Detail plans for the development of each portion of the additional Properties shall have been submitted to and approved by FHA and VA prior to the development thereof;

(d) A Supplementary Declaration as described in § 2.04, shall be recorded covering the applicable portions of the real property described in Exhibits "A", "B", "C", "D" and "E", attached hereto.

Supplementary Declaration

§ 2.04. The additions authorized under the foregoing sections shall be made by filing of record a Supplementary Declaration of covenants, conditions and restrictions, or a similar instrument, with respect to the additional Properties which shall extend the scheme of this Declaration to such Properties. Such Supplementary Declaration contemplated above may contain such supplementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration, as may be necessary to reflect a different character, if any, of the added Properties and as are not inconsistent with the scheme of this Declaration. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants, conditions and restrictions established within the Properties by this Declaration except as hereinafter otherwise provided.

ARTICLE III

PROPERTY RIGHTS

Owners' Easements of Enjoyment

§ 3.01. Every Owner shall have a right and easement of ingress and egress and of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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

(b) The right of the Association to limit the number of guests of members;

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

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

(e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast two-thirds ($2/3$) of the vote of each class of Members has been recorded agreeing to such dedication or transfer. Written notice of the proposed action shall be sent to every Member not less than thirty (30) nor more than sixty (60) days prior to the meeting at which such action is proposed to be taken;

(f) The right of the Association, in accordance with its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Common Area and facilities thereon, and in aid thereof, to mortgage such property, provided that the rights of such mortgagees shall be subordinate to the rights of the Owners; provided further, that the vote or written assent of two-thirds ($2/3$) of the vote of each Class of Members is obtained;

(g) The right of Declarant and its sales agents and representatives to the non-exclusive use of the Common Area and facilities thereon for display and exhibit purposes including, but not limited to, model homes, sales office and signs, which right Declarant hereby reserves; provided however, that such use shall not be for a period of more than five (5) years after the conveyance of the Common Area to the Association, or the sale of all the residential Lots within the Properties and any

Properties annexed thereto in accordance with § 2.03 of this Declaration, whichever is the earliest. The use of the Common Area by the Declarant, its sales agents and representatives shall not unreasonably interfere with the use thereof by the Class A Members of the Association.

(h) The right of the Declarant and its agents or representatives to the non-exclusive use of the Common Area for common driveway purposes, for drainage and encroachment purposes, for ingress to and egress from the Common Area for the purpose of completing the improvements thereon or the performance of necessary repair work, and for entry unto adjacent property in connection with development of additional phases of the overall project; provided however, that such use shall not be for a period of more than one (1) year after the sale of all residential Lots within the Properties, or any Properties annexed thereto pursuant to § 2.03 of this Declaration, whichever is the latest.

(i) The right of individual Owners to the exclusive use of parking spaces as provided in § 3.03.

Delegation of use

§ 3.02. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and Facilities thereon, to the members of his family, his tenants, or contract purchasers who reside on the Property.

" Parking Rights "

" § 3.03. Ownership of a Lot not containing a garage shall entitle the Owner or Owners thereof to the exclusive use of not more than one garage and one open automobile parking space in the Common Areas, which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in and upon said parking areas. The Association shall permanently assign one garage and one parking space for each such Lot. /)

Title to Common Area

§ 3.04. Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the Association free and clear of all

encumbrances and liens except easements, conditions, restrictions and reservations then of record, including those set forth in this Declaration. Said conveyance shall be made to the Association prior to the conveyance of the first Lot in the Property to an Owner.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Owners Are Members of the Association

§ 4.01. Every Owner of a Lot which is subject to assessment shall be a Member of the Association, including Declarant. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Voting Rights

§ 4.02. The Association shall have two classes of voting Membership:

CLASS A

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

CLASS B

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

(a) When the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership, or;

(b) Two (2) years from the date of the issuance of the most recent Public Report for a phase of the overall development of the Properties, or any previously annexed properties, whichever is later.

(c) On January 1, 1983.

Prescribed Percentage of Votes Required

§ 4.03. Any provision in this Declaration, the Articles of Incorporation or the Bylaws of the Association calling for membership approval of action to be taken by the Association shall expressly require the vote or written assent of a prescribed percentage of each class of membership during the time that there are two outstanding classes of membership. Any requirement that the vote of the Declarant shall be excluded where this Declaration, the Articles of Incorporation or the Bylaws of the Association require the vote or written assent of each class of membership as a prerequisite to the initiation of action by or in the name of the Association shall not be applicable.

ARTICLE V

COVENANT FOR MAINTENANCE

Creation of the Lien and Personal
Obligation of Assessments

§ 5.01. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual assessments or charges, and (2) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Purpose of Assessments

§ 5.02. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Members of the Association, and for the improvement and maintenance of the Common Area, and to the extent provided for herein, of the homes situated upon the Properties.

Maximum Assessment

§ 5.03. Until the first day of January of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$599.64 per Lot, which is equivalent to \$49.97 per Lot per month.

(a) From and after the first day of January of the year immediately following the conveyance of the first Lot to an Owner, the Board may increase the maximum annual assessment by not more than five percent (5%) above the maximum annual assessment for the previous year without a vote of the Membership.

(b) From and after the first day of January of the year immediately following the conveyance of the first Lot to an Owner, the Association may increase the maximum annual assessment above five percent (5%) pursuant to the vote or written assent of fifty-one percent (51%) of the votes of the Class A Members.

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

Special Assessments for Capital Improvements

§ 5.04. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of fifty-one percent (51%) of each class of members.

Notice and Quorum for Any Action Authorized Under §§ 5.03(b), 5.04

§ 5.05. Any action authorized under § 5.03(b) or § 5.04 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Members not less than thirty (30) nor more than sixty (60) days prior to the meeting. A quorum for such a meeting shall be fifty-one percent (51%) of each class of Members entitled to vote on such actions. If the required quorum is not present, another meeting may be called, subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half the required quorum for the preceding meeting. If the proposed action is favored by a

majority of votes cast at such meeting, but such vote is less than the requisite fifty one percent (51%) of the Class A Members, Members who were not present in person or by proxy may give their assent in writing on a form approved by the Board of Directors, provided the same is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

Uniform Rate of Assessment

§ 5.06. Both annual and special assessments must be fixed at a uniform rate for all Lots and shall be collected on a monthly basis.

Date of Commencement of Annual Assessments: Due Dates

§ 5.07. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot to an Owner, or conveyance of the Common Area to the Association, whichever occurs earliest. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.

Certificate of Payment

§ 5.08. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

No Waiver of Liability

§ 5.09. No Member may exempt himself from personal liability for assessments, nor any part thereof, levied by the Association, nor release the Lot owned by him from the liens and charges hereof by waiver of the use and enjoyment of the Common Area and facilities thereon, or by abandonment of his Lot.

Exempt Properties

§ 5.10. All Properties dedicated to, and accepted by, a local public authority, and all Properties owned by a

charitable or non-profit organization exempt from taxation by the laws of the State of California, shall be exempt from the assessments created herein, except that no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI

EXTERIOR MAINTENANCE

Exterior Maintenance of Lots

§ 6.01. (a) In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance to each Lot which is subject to an assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, front yard landscaping and rear yard landscaping outside the fence lines. Such exterior maintenance shall not include windows or other glass surfaces, exterior doors or garage doors, the mechanical parts of such windows, exterior doors and garage doors, fences, gates and on-lot parking surfaces.

(b) In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Lot needing such maintenance and repair, the cost of such exterior maintenance shall be added to and become a part of the assessment to which such Lot is subject.

Assessments for Exterior Maintenance

§ 6.02. In the event an Owner of any Lot in the Properties shall fail to maintain the premises and improvements situated thereon in a manner satisfactory to the Board of Directors, or erect, or allow to be erected, any prohibited structure thereon, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, ten (10) days after giving written notice to the Owner, shall have the right, through its agents and employees, to enter upon said Lot and repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon, or remove any prohibited structure. The cost of such exterior maintenance, or removal, shall be added to and become part of the assessment to which each such Lot is subject.

ARTICLE VII

EFFECT OF NON-PAYMENTREMEDIES OF THE ASSOCIATION

Delinquency

§ 7.01. Any assessment made in accordance with this Declaration shall be a debt of the Owner of a Lot at the time the assessment is made. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot.

Notice of Delinquent Assessment

§ 7.02. Any assessment not paid within thirty (30) days after the due date shall be delinquent. The amount of any such delinquent assessment, plus any other charges thereon, as provided for in this Declaration, shall be and become a lien upon the Lot when the Association causes to be recorded with the County Recorder of Ventura County, a Notice of Delinquent Assessment, which shall state the amount of such delinquent assessment and such other charges thereon as may be authorized by this Declaration, a description of the Lot against which the same has been assessed, and the name of the record Owner thereof. Such notice shall be signed by the President or Vice President, and the Secretary or Assistant Secretary of the Association. Upon payment of such delinquent assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction, and the release of the lien thereof. Unless sooner satisfied and released, or the enforcement thereof is initiated as hereinafter provided, such lien shall expire and be of no further force and effect one year from the date of recording of the Notice of Delinquent Assessment. The one year period may be extended by the Association for a period not to exceed one additional year by recording a written extension thereof.

Judicial Foreclosure

§ 7.03. No action shall be brought to judicially foreclose said assessment lien less than thirty (30) days after a Notice of Delinquent Assessment is deposited in the United States mail, certified or registered, postage prepaid, addressed to the record Owner of said Lot as his

address is shown in the records of the Association. Such Notice of Delinquent Assessment may include, at the Association's option, interest on the unpaid assessment, reasonable attorney's fees, and the expense of collection of the debt secured by said assessment lien. The Association, through duly authorized agents, shall have the right and power to bid on said Lot at the judicial foreclosure sale, and to acquire, hold, lease, mortgage and convey the same.

Power of Sale

§ 7.04. Said assessment lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized to make the sale. Such sale is to be conducted pursuant to the requirements of §§ 2924-2924h of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the right and power to bid on said Lot at the foreclosure sale, and to acquire, hold, lease, mortgage and convey the same.

Cumulative Remedies

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

Subordination of Liens to First Deeds of Trust and First Mortgages

§ 7.06. The lien of the assessments provided for herein shall be subordinate to the lien of any first deed of trust or first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. (However, the sale or transfer of any Lot pursuant to foreclosure of a first deed of trust or first mortgage shall extinguish the lien of such assessments as to the payments which became due prior to such sale or transfer.) No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or, from the lien thereof.

ARTICLE VIII

ARCHITECTURAL CONTROL

Control by Board or Committee

§ 8.01 No building, fence, wall, or other structure

shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to the harmony of external design and location in relation to surrounding structures and topography by the Board of Directors, or an Architectural Control Committee composed of not less than three (3) nor more than five (5) members. In the event said Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this section will be deemed to have been fully complied with. Approval or denial by the Architectural Control Committee shall be appealable to the Board of Directors at the second Board meeting after such approval or denial.

Qualifications of Committee Members

§ 8.02. Members appointed to the Committee by the Board of Directors shall be from the Members of the Association. The members of the Architectural Control Committee may be appointed by the Board of Directors before each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointments may be announced at each annual meeting.

ARTICLE IX

PARTY WALLS

General Rules of Law to Apply

§ 9.01. Each wall which is built as part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a Party Wall, and, to the extent not inconsistent with the provisions of this Article IX, the General Rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Sharing of Repair and Maintenance

§ 9.02. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the Wall in proportion to such use.

Destruction by Fire or Other Casualty

§ 9.03. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner who has Used the Party Wall may restore it, and if the other Owners thereafter make use of the Wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of such Owners to call for a larger contribution from the others under any rule of law regarding liability or negligence or willful acts or omissions.

Weatherproofing

§ 9.04. Notwithstanding any other provision of this Article IX, an Owner who by his negligence or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Right of Contribution Runs With the Land

§ 9.05. The right of any Owner to contribution from any other Owner under this Article IX shall be appurtenant to the land and shall pass to such Owner's successors in title.

Facilitation Easement

§ 9.06. Each Owner is granted an easement of ingress and egress over and upon adjoining Lots for the purpose of carrying out the provisions of this Article IX. Any damage caused by utilization of such easements shall, however, be paid for by the Owner utilizing such easement. The use of such easement shall be subject to the user first giving reasonable notice to the adjoining Lot Owner that he will be using the easement; and shall also be subject to the user of such easement making an effort to cause as little inconvenience as possible by the use of such easement. This easement shall not authorize the entrance into a dwelling unit without the express consent of the Owner thereof, but such consent shall not be unreasonably withheld.

Common Fences

§ 9.07. To the extent applicable, each section of this Article IX shall also apply to common fences.

Arbitration

§ 9.08. In the event of any dispute arising concerning

a Party Wall, or a common fence, or under the provisions of this Article IX, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be rendered by a majority of all arbitrators.

ARTICLE X

DUTIES AND POWERS OF THE ASSOCIATION

Additional Duties and Powers

§ 10.01. In addition to the duties and powers enumerated in its Articles of Incorporation and in the Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Own, maintain, and otherwise manage all of the Common Area and all facilities, improvements, and landscaping thereon, and all other property acquired by the Association;

(b) Pay any real and personal property taxes and other charges that may be assessed against the Common Area;

(c) Have the authority to obtain for the benefit of the Common Area, all water, gas, electric service, and refuse collection;

(d) Grant easements where necessary for utilities and sewer facilities over the Common Area to serve the Common Area;

(e) Enter upon any privately owned Lot where necessary in connection with the construction, maintenance or repair for the benefit of the Common Area, provided that, no one shall have the authority to enter the private dwelling of a Lot Owner, without first receiving the express consent of said Lot Owner, but such consent shall not be unreasonably withheld. Such entry shall be made with as little inconvenience to the Owner as reasonably possible and any damage caused thereby shall be repaired by the Association;

(f) Maintain such policy or policies of insurance, including fire and liability insurance on the Common Area which names the individual Lot Owners as additional insureds, and maintain a fidelity bond in an amount equal to one hundred fifty

percent (150%) of the Association's annual assessments plus reserves which names the Association as obligee and insures against misuse and misappropriation of Association funds by directors, officers and employees, and any management agent and his employees.

(g) Have authority to employ a manager or other person(s) and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as manager or managing agent shall provide for the right of the Association to terminate the same for cause upon thirty (30) days written notice thereof, and the term of such contract shall not exceed one (1) year; provided further, that any contract for materials or services for the Common Area or for the Association entered into by the Board shall be limited to a duration of one (1) year, except with approval of the majority of the Members of the Association.

ARTICLE XI

GENERAL PROVISIONS

Enforcement

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

Severability

§ 11.02. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provision, which shall remain in full force and effect.

Amendment

§ 11.03. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is re-

corded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by not less than seventy five percent (75%) of the Lot Owners. Any amendment must be recorded.

FHA and VA Approval

§ 11.04. So long as there is a Class B Membership, the following shall require approval of FHA and VA: Annexation of additional properties, mergers and consolidations, dedication or mortgaging of the Common Area, special assessments and amendments to this Declaration.

Encroachment Easement

§ 11.05. Each Owner of a Lot within the Properties is hereby granted an easement over all adjoining Lots for the purpose of accomodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhangs, architectural or other appendants, drainage of rain water from roofs. There shall be easements for the maintenance of said encroachments so long as they shall exist and the rights and obligations of Owners shall not be altered in any way by said encroachments, settling or shifting, provided however, that in no event shall an easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed and then rebuilt, or repaired, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and there shall be easements for maintenance of such encroachments so long as they shall exist.

ARTICLE XII

GENERAL RESTRICTIONS

Single Family Dwellings

§ 12.01. No structure, except accessory and temporary structures as hereinafter defined, shall be erected or maintained on any Lot except for use as a single family dwelling. No structure shall be moved onto said Properties from another location and all construction on said Properties shall be new.

Maintenance and Repairs

§ 12.02. All structures upon said Properties shall at

all times be maintained in good condition and repair, and well and properly painted. All trees, hedges, shrubs, flowers, and lawns growing on the Property shall be maintained and cultivated so that the Property is not detrimental to the neighborhood as a whole. All slope banks shall be properly watered and maintained by the Association.

Accessory Structures

§ 12.03. The only accessory structure which may be constructed or maintained upon the Lots shall be therapeutic pools, subject to the architectural control provisions contained in Article VIII hereof, all applicable codes, governmental regulations and permits.

Drilling and Production

§ 12.04. No derrick or other structure designed for use in drilling for water, oil or gas, shall be permitted upon or above the surface of said Properties, nor shall any water, oil, natural gas or other hydrocarbon substance be produced from any well located upon or within five hundred (500) feet of the surface of said Properties.

Nuisances

§ 12.05. No rubbish, debris, objects or materials of any kind shall be placed or permitted to accumulate upon any portion of said Properties which would render it unsanitary or detrimental to any Properties in the vicinity thereof or unsightly or offensive to the occupants of Properties in such vicinity; nor shall any animal, poultry, bird or reptile be kept upon any portion of said Property, either: (i) for commercial purposes or (ii) for any purpose if there would be involved an odor or noise such as unreasonably disturbs the comfort of any occupant of Property in the vicinity. No nuisance of any kind shall be permitted to exist upon said Properties. No pigs, hogs or goats shall be kept upon said Properties. "No trailer, boat or mobile home, recreational vehicle or camper shall be permitted to be regularly parked outside of a garage building or upon any portion of the Properties covered by this Declaration, visible from any adjacent street or road, without prior written consent and approval by a majority of the Board of Directors.

Clothes Line and Rubbish

§ 12.06. All drying, airing of laundry, clothing and household furnishings and all other similar type drying or

airing and all garbage and rubbish upon any portion of the Properties covered by this Declaration, shall be enclosed or contained in a building or buildings or service area or areas, which are either enclosed or fenced in such a manner so that the contents thereof shall not be visible from any adjacent street or road.

Antenna

§ 12.07. No external antennae or other structures for use of television or radio reception or communication or similar purposes shall be permitted.

Slopes and Drainage

§ 12.08. Each Owner is granted an easement of free access upon an adjoining Lot or Lots when such access is essential for the: (i) permanent stabilization of any slope(s) on said adjoining Lots, or (ii) maintenance of any drainage facilities for the protection of his Lot. The Owner of the servient tenement may make any use of his property which does not unduly interfere with the easement of the adjoining Lot Owners to come upon said Lot for the purpose of insuring drainage of their Lot or Lots, Parcel or Parcels. In the event that it is necessary for a Lot Owner to change the established drainage pattern over his Lot or Parcel, he agrees to make adequate provisions to protect the adjoining Lot or Parcel Owners from any possible adverse effects from such change in the drainage pattern, subject to the architectural control provision found in Article VIII hereof. For the purpose hereof, "established drainage pattern", is defined as the drainage which will occur at the time the overall grading of said Property, including landscaping of each Lot or Parcel thereof, is completed.

ARTICLE XIII

DESTRUCTION OF IMPROVEMENTS

Reconstruction of Common Area

§ 13.01. (a) In the event of total or partial destruction of improvements of the Common Area, and if the available proceeds of the insurance carried are sufficient for not less than eighty-five percent (85%) of the cost of repair or reconstruction thereof, the same shall be promptly repaired and rebuilt, unless, within ninety (90) days from the date of such destruction, seventy-five percent (75%) or more of the Owners, present and entitled to vote, in person or by proxy, at a duly constituted meeting determine that

such reconstruction shall not take place. If reconstruction is to take place, the Board shall be required to execute, acknowledge, file and record not later than one hundred twenty (120) days from the date of such destruction, a certificate declaring the intention to rebuild.

(b) If the proceeds of such insurance are less than eighty-five percent (85%) of the cost of reconstruction, such reconstruction may, nevertheless, take place, if within ninety (90) days from the date of said destruction, a majority of Owners elect to rebuild.

(c) If Owners determine to rebuild either pursuant to (a) or (b), the cost of reconstruction over and above the insurance proceeds shall be assessed against the Owners in accordance with § 5.04.

(d) If the Owners determine to rebuild, the Board shall obtain bids from at least two (2) reputable contractors and shall award construction work to the lowest bidder. The Board shall have authority to enter into a written contract with said contractor for such reconstruction and the insurance proceeds held by the Board shall be disbursed to said contractor, according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to insure the commencement and completion of such reconstruction at the earliest possible date.

(e) If the vote of the Owners shall be insufficient to authorize reconstruction, pursuant to either (a) or (b) above, any insurance proceeds available for such reconstruction shall remain the property of the Association to be used or distributed by the Association in a manner in conformity with this Declaration and the Articles of Incorporation of the Association.

(f) In the event of a dispute among Owners, respecting the provisions of this Article, each party shall choose one arbitrator and the arbitrators shall choose one additional arbitrator, and the decision shall be rendered by a majority of all arbitrators.

ARTICLE XIV

SECURITY INTEREST

Protection of Security Interests

§ 14.01. The following provisions are included for the benefit of holders of a first deed of trust, first trust

deed or mortgage encumbering a Lot in the Properties, and, shall be controlling in the event of any conflict between the provisions of this Declaration, the Articles of Incorporation or the Bylaws of the Association.

(a) Except as to the Association's right to grant easements for utilities and similar purposes, the Common Area and Common Area facilities may not be alienated, partitioned, subdivided, abandoned, released, transferred, hypothecated or otherwise encumbered without the approval of all holders of a first trust deed, first deed of trust or mortgage encumbering a Lot in the Properties.

(b) Any holder of a first deed of trust, first trust deed or mortgage shall be entitled to the following upon written request to the Association:

- (1) Inspect the books and records of the Association during normal business hours;
- (2) Receive an annual audited financial statement of the Association within ninety (90) days following the end of the fiscal year of the Association;
- (3) Written notice of all meetings of the Association, and;
- (4) Designate a representative to attend all meetings of the Association.

(c) The prior written approval of seventy-five percent (75%) of the holders of a first deed of trust, first trust deed or mortgage encumbering a Lot in the Properties, shall be required for the following:

- (1) The abandonment or termination of the planned unit development;
- (2) Any material amendment to this Declaration, the Articles of Incorporation, the Bylaws of the Association, including but not limited to, any change affecting the method of determining the obligation or assessments which may be levied against an Owner, or affecting the scheme of regulations or enforcement thereof pertaining to the architectural design, exterior maintenance of Lots or the Common Area;

(3) Termination of professional management and assumption of self-management of the Properties by the Association;

(4) Failure of the Association to maintain fire and extended coverage insurance on the insurable Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value.

(d) In the event of substantial damage to or the destruction of any Lot or any improvements on the Common Area, the holder of the first deed of trust, first trust deed or mortgage on such Lot, and all holders of first deeds of trust, first trust deeds or mortgages if the damage involves improvements to the Common Area, shall be entitled to timely notice of any such damage or destruction and no provision of any document establishing the project will entitle an Owner, or other party, to priority over the holder of the first deed of trust, first trust deed or mortgage with respect to the distribution to such Lot of any insurance proceeds.

(e) If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the holder of the first deed of trust, first trust deed or mortgage on such Lot shall be entitled to timely written notice of any such proceeding or proposed acquisition and no provision of this Declaration will entitle the Owner of the Lot, or other party, to priority over such holder of the first deed of trust, first trust deed or mortgage with respect to the distribution to such Lot of the proceeds of any award or settlement.

(f) The holder of a first deed of trust, first trust deed or mortgage, at its request, is entitled to written notice of any default by an Owner of such Lot in the performance of such Owner's obligations under this Declaration or the Bylaws which is not cured within thirty (30) days.

IN WITNESS WHEREOF, Declarant has executed this instrument on the 16th day of January, 1979.

U.S. CONDOMINIUM CORPORATION, a California corporation

By: [Signature]
Alvin Dick

By: [Signature]
Philip H. Vein

By: [Signature]
George R. Strause

By: [Signature]
Rosemary Dasnoit

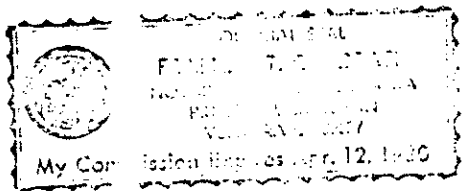
By: [Signature]
Herbert Soderberg

STATE OF CALIFORNIA)
COUNTY OF Ventura) SS.

On January 16, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared ALVIN DICK known to me to be the President, ROSEMARY DASNOIT, known to me to be the Secretary, and PHILIP H. VEIN, GEORGE R. STRAUSE and HERBERT SODERBERG, known to me to be the Directors of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

[Signature]



TRACT 2726-1

PHASE 1B

Lots 41 through 89, inclusive, Lots 90, 91, 97, 98 and 99 of Tract 2726-1 in the County of Ventura, State of California, as per the map thereof recorded in Book 77 of Miscellaneous Records (Maps) at page 82, et seq., in the office of the County Recorder of said County.

EXHIBIT "A"

TRACT 2726-2

PHASE 2A

Lots 100 through 135, inclusive, Lots 176 through 179, inclusive, Lot 182, and Lots 185 through 188, inclusive, of Tract 2726-2 in the County of Ventura, State of California, as per the map thereof recorded in Book of Miscellaneous Records (Maps) at page et seq., in the office of the County Recorder of said County.

EXHIBIT "B"

TRACT 2726-2

PHASE 2B

Lots 136 through 175, inclusive, and Lots 180, 181, 183 and 184 of Tract 2726-2 in the County of Ventura, State of California, as per the map thereof recorded in Book of Miscellaneous Records (Maps) at page , et seq., in the office of the County Recorder of said County.

EXHIBIT "C"

TRACT 2726-3

PHASE 3A

Lots 189 through 240, inclusive, Lots 282, 284, 285, 286, 293, 294 and 296 of Tract 2726-3 in the County of Ventura, State of California, as per the map thereof recorded in Book of Miscellaneous Records (Maps) at page , et seq., in the office of the County Recorder of said County.

EXHIBIT "D"

TRACT 2726-3

PHASE 3B

Lots 241 through 280, inclusive, Lots 281 and 283, Lots 287 through 292, inclusive, and Lot 295 of Tract 2726-3 in the County of Ventura, State of California, as per the map thereof recorded in Book of Miscellaneous Records (Maps) at page , et seq., in the office of the County Recorder of said County.

EXHIBIT "E"