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89-517263

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THE PRESLEY COMPANIES
19 Corporate Plaza
Newport Beach, California 92660
Attention: Ms. Jamie Jarvis

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FIRST AMER. TITLE INS. CO.

8:00 SEP 27 1989
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Official Records
Orange County, California

Lee A Branch Recorder

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS, AND
RESERVATION OF EASEMENTS FOR
VIEW POINTE

A Multi-Phase Condominium Project

THIS INSTRUMENT FILED FOR RECORD BY
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TABLE OF CONTENTS

ARTICLE I **DEFINITIONS.....2**

1. Annexation Property.....2

2. Articles.....2

3. Assessments.....2

4. Association.....3

5. Association Property.....3

6. Board.....3

7. By-Laws.....3

8. City.....4

9. Common Area.....4

10. Common Expenses.....4

11. Common Property.....4

12. Condominium.....4

13. Condominium Building.....5

14. Condominium Plan.....5

15. Condominium Unit.....5

16. County.....5

17. Declarant.....5

18. Declaration.....5

19. DRE.....6

20. Improvements.....6

21. Lot.....6

22. Member.....6

23. Mortgage.....6

24. Mortgagee.....6

25. Mortgagor.....7

26. Notice and Hearing.....7

27. Notice of Annexation.....7

28. Owner.....7

29. Phase.....7

30. Project.....7

31. Property.....7

32. Rules and Regulations.....7

33. VA/FHA.....8

34. Application of Definitions.....8

ARTICLE II **INTRODUCTION TO VIEW POINTE.....8**

1. General Plan of Development.....8

2. Membership in Association.....9

3. Annexation of Subsequent Phases Into
 the Association.....9

4. Development Control.....9

5. Non-Liability of Declarant.....10

6. Special Assessments.....10

ARTICLE III **DESCRIPTION OF THE CONDOMINIUMS.....10**

1. "Townhouse" Condominium Unit.....10

2. "Stacked" Condominium Unit.....11

3. Presumption of Boundaries of Condominium
 Units.....13

4. Common Area.....13

5. Exclusive Use Common Area.....13

6. Undivided Fractional Fee Interest in
 Common Area.....15

7. Easements Over Common Property.....15

8. Components of Condominium Ownership.....15

9. Condominium Numbering.....15

10. Guest Parking Areas.....15

11. Reservation of Easements Over Common Area
 in Subsequent Phases.....15

ARTICLE IV RESERVATION OF EASEMENTS AND OTHER PROPERTY RIGHTS IN THE COMMON PROPERTY.....16

1. Owners' Easements.....16
2. Limitations on Owners' Easement Rights.....16
3. Delegation of Common Property Use Rights.....17
4. Easements for Vehicular Traffic.....18
5. Easements for Utilities.....18
6. Easements for Maintenance of the Common Property.....19
7. Easements for Drainage.....19
8. Easements for Construction and Sales.....20
9. Easements for Air Conditioners/Forced Air Heating Units.....20
10. Reservation of Construction Rights by Declarant.....20
11. Easement for Public Service Uses.....20
12. Owner Cooperation for Fumigation.....21
13. Control and/or Transfer of Title of Common Property.....21

ARTICLE V THE ASSOCIATION.....22

1. Membership.....22
2. Voting Rights.....22
3. Adjustment of Voting Rights.....23
4. Vesting of Voting Rights.....23
5. Suspension of Voting Rights.....23
6. Transfer.....23
7. Proxies.....23

ARTICLE VI POWERS AND DUTIES OF THE ASSOCIATION.....24

1. Management Body.....24
2. Powers.....24
3. Duties.....25
4. Discretionary Powers.....29
5. Notification by Association of Defects.....30
6. Limitations on Contracts.....30
7. Delegations of Duties.....31
8. Right of Entry for Emergency.....31
9. Right of Entry for Repairs.....31
10. Limitations on Board Action.....31
11. Licenses, Easements and Rights of Way.....32
12. New Improvements.....33
13. Association Rules and Regulations.....33

ARTICLE VII ASSESSMENTS.....34

1. Creation of the Lien and Personal Obligation of Assessment.....34
2. Purpose of Regular Assessments: Levy and Collection.....34
3. Regular Assessments - Basis.....34
4. Special Assessments.....36
5. Compliance Assessments.....37
6. Date of Commencement of Regular Assessments: Due Dates.....37
7. Collection of Assessments.....37
8. Certification of Payment.....37
9. Delivery by Owner.....38
10. Delivery of Statement.....38
11. Reserves.....38
12. Offsets and Waiver Prohibited.....38
13. Exempt Property.....38
14. Capitalization of the Association.....39

**ARTICLE VIII EFFECT OF NONPAYMENT OF ASSESSMENTS:
REMEDIES OF THE ASSOCIATION.....40**

1. Effect of Nonpayment of Assessments:
Remedies of the Association.....40
2. Notice of Delinquent Assessments.....40
3. Foreclosure Sale.....40
4. Curing of Default.....41
5. Cumulative Remedies.....41
6. Mortgagee Protection.....41

ARTICLE IX USE RESTRICTIONS.....42

1. Private Dwelling.....42
2. Common Property Use.....42
3. Conduct Affecting Insurance.....42
4. Liability for Damage to the Common
Property.....42
5. Signs.....42
6. Maintenance of Animals.....43
7. Quiet Enjoyment.....43
8. Structural Changes.....43
9. Improvements.....44
10. Windows.....44
11. Commercial Activity.....44
12. Parking.....44
13. Regulation of Parking.....45
14. Vehicle Usage in Association Property.....46
15. Compliance With Management Documents.....46
16. Solar Heating.....46
17. Antennas.....47
18. Water Softeners.....47
19. Leasing.....47
20. Drilling.....47
21. Trash.....47
22. Special Restrictions Regarding Exclusive
Use Areas.....47
23. Declarant's Exemption From Use
Restrictions.....48

ARTICLE X REPAIR AND MAINTENANCE.....48

1. Repair and Maintenance by Association.....48
2. Repair and Maintenance by Owner.....49
3. Maintenance of Public Utilities.....50

ARTICLE XI ARCHITECTURAL CONTROL - APPROVAL.....50

1. Exemptions From Architectural Control.....50
2. Architectural Control.....50
3. Architectural Control Committee.....51
4. Meetings of the Architectural Control
Committee.....51
5. Architectural Approval - Review of Plans
and Specifications.....51
6. Decisions of the Architectural Control
Committee.....53
7. No Waiver of Future Approvals.....53
8. Compensation of Members.....53
9. Variances.....53
10. Inspection of Work.....54
11. Non-Liability of Architectural Control
Committee Members.....54
12. Appeal.....54

| | | |
|----------------------|---|-----------|
| ARTICLE XII | DAMAGE OR DESTRUCTION TO THE COMMON AREA..... | 55 |
| | 1. Restoration of Damaged Common Area..... | 55 |
| | 2. Election by Owners Not to Restore Damaged Common Area..... | 56 |
| | 3. Restoration of Damaged Condominium Units..... | 56 |
| | 4. Architectural Approval of Restoration Plans; Design and Variance..... | 56 |
| | 5. Distribution of Excess Insurance Proceeds..... | 57 |
| | 6. Special Assessments for Restoration Purposes..... | 57 |
| ARTICLE XIII | DAMAGE OR DESTRUCTION TO THE ASSOCIATION PROPERTY..... | 58 |
| | 1. Election to Restore Association Property..... | 58 |
| | 2. Election Not to Restore Association Property..... | 58 |
| | 3. Excess Insurance Proceeds..... | 59 |
| ARTICLE XIV | CONDEMNATION..... | 59 |
| | 1. Distribution of Awards..... | 59 |
| | 2. Distribution of Awards - Association Property..... | 59 |
| | 3. Board of Directors as Attorney-in-Fact..... | 59 |
| ARTICLE XV | COVENANT AGAINST PARTITION..... | 60 |
| | 1. General Covenant Against Partition..... | 60 |
| | 2. Judicial Partition of the Project..... | 60 |
| | 3. Board of Directors' Power of Sale in Event of Judicial Partition..... | 60 |
| ARTICLE XVI | INSURANCE..... | 61 |
| | 1. Required Insurance Coverage..... | 61 |
| | 2. Optional Insurance Coverage..... | 62 |
| | 3. Notice of Cancellation of Insurance..... | 62 |
| | 4. Review of Coverage..... | 62 |
| | 5. Waiver by Owners..... | 63 |
| | 6. Premiums, Proceeds and Settlement..... | 63 |
| | 7. Rights and Duties of Owners to Insure..... | 63 |
| | 8. Trustee for Policies..... | 64 |
| | 9. Mortgage Clause..... | 64 |
| | 10. Compliance With Requirements of FHLMC, FNMA and VA/FHA..... | 64 |
| ARTICLE XVII | MORTGAGEE PROTECTION..... | 65 |
| | 1. Mortgagee Protection Provisions..... | 65 |
| | 2. Violation of Mortgagee Protection Provisions..... | 68 |
| | 3. Effect of Amendments..... | 69 |
| | 4. Amendments to Conform With Mortgagee Requirements..... | 69 |
| ARTICLE XVIII | ENFORCEMENT OF BONDED OBLIGATIONS..... | 70 |
| | 1. Enforcement of Bonded Obligations..... | 70 |
| ARTICLE XIX | ANNEXATION OF ADDITIONAL PROPERTY..... | 71 |
| | 1. Phased Development of the Project..... | 71 |
| | 2. Annexation Pursuant to General Plan..... | 71 |
| | 3. Annexation Pursuant to Approval..... | 71 |
| | 4. Notice of Annexation..... | 71 |

5. Effective Date of Annexation.....72
 6. Right of De-Annexation.....72
 7. Amendments to Notices of Annexation.....72

ARTICLE XX RIGHT OF CITY TO COMPEL PERFORMANCE.....73

1. Rights of City.....73

ARTICLE XXI GENERAL PROVISIONS.....74

1. Enforcement.....74
 2. Severability.....75
 3. Term.....75
 4. Construction.....75
 5. Singular Includes Plural.....75
 6. Amendments.....75
 7. Encroachments.....77
 8. Notices.....78
 9. Attorneys' Fees.....78
 10. Additional Covenants in Favor of the
 VA/FHA.....78

EXHIBITS

- EXHIBIT "A" Annexation Property**
EXHIBIT "B" Anaheim Municipal Code Section 14.32.500

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS, AND
RESERVATION OF EASEMENTS FOR
VIEW POINTE**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATION OF EASEMENTS is made this 25th day of September, 1989, by THE PRESLEY COMPANIES, a California corporation (hereinafter referred to as the "Declarant").

W I T N E S S E T H:

A. Declarant owns that certain real property located in the City of Anaheim, County of Orange, State of California, more particularly described as:

Lot 2 of Tract 12700, as shown on a Map recorded on September 22, 1989, in Book 641, Pages 42 to 47, inclusive, of Miscellaneous Maps, in the Office of the County Recorder of Orange County, California

(hereinafter referred to as the "Property").

B. Declarant desires to develop the Property and any of the "Annexation Property," as hereinafter defined, which is subsequently annexed to the Property pursuant to the Article herein entitled "Annexation of Additional Property" as a common interest development, more particularly described in Section 1351(f) of the California Civil Code as a "condominium project" (hereinafter referred to as the "Project"), as more particularly described below. The development of the Project shall be consistent with the overall plan of development submitted to and approved by the Veterans Administration and/or the Federal Housing Administration (hereinafter referred to as the "VA/FHA").

C. Declarant deems it desirable to impose a general plan for the development, maintenance, improvement, protection, use, occupancy and enjoyment of the Project, and to establish, adopt and impose covenants, conditions, restrictions, easements, equitable servitudes, liens and charges (hereinafter referred to as the "Protective Covenants") upon the Project for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Project.

D. Declarant deems it desirable for the efficient enforcement, protection and preservation of the value, desirability and attractiveness of the Project to create a corporation which shall be delegated and assigned the powers of administering and enforcing the Protective Covenants.

E. VIEW POINTE MAINTENANCE CORPORATION, a California nonprofit, mutual benefit corporation, has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers.

F. Declarant intends to convey the Property, and any and all real property annexed thereto, subject to the Protective Covenants set forth hereinbelow.

NOW, THEREFORE, pursuant to Sections 1350, et seq., of the California Civil Code, Declarant declares that it does hereby establish a general plan for the development, maintenance, care, improvement, protection, use, occupancy, management and enjoyment of the Project, and that all or any portion of the Project shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved, subject to the Protective Covenants set forth herein, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Project, in furtherance of said general plan for the Project. Each and all of the Protective Covenants shall run with the Project, and shall be binding upon all persons having any right, title or interest in the Project, or any portion thereof, their heirs, successors and assigns, and shall inure to the benefit of and be binding upon Declarant, its successors and assigns, all subsequent owners of all or any portion of the Project, together with their grantees, heirs, executors, administrators, devisees, successors and assigns.

ARTICLE I

DEFINITIONS

Section 1. "Annexation Property" shall mean and refer to that certain real property described in Exhibit "A" attached hereto, including all Improvements (as defined below) constructed thereon, all or any portion of which may be annexed to the Property as set forth in the Article herein entitled "Annexation of Additional Property."

Section 2. "Articles" shall mean and refer to the Articles of Incorporation of View Pointe Maintenance Corporation, as filed in the Office of the Secretary of State of the State of California, as such Articles may be amended, from time to time.

Section 3. "Assessments" shall be used as a generic term which shall mean and refer to the following:

(a) "Regular Assessment" shall mean and refer to the annual charge against each Owner and his respective Condominium representing a portion of the Common Expenses of the Association;

(b) "Compliance Assessment" shall mean and refer to the personal charge against an Owner representing the costs incurred by the Association in the repair of any damage to the Common Property for which such Owner was responsible, the costs incurred by the Association in bringing such Owner and his Condominium into compliance with this Declaration, any amount due the Association based upon disciplinary proceedings against an Owner in accordance with this Declaration, or any amount due the Association to reimburse the Association for administrative costs attributable to an Owner as provided herein; and

(c) "Special Assessment" shall mean and refer to the charge against an Owner and his respective Condominium representing a portion of the cost of reconstructing any damaged or destroyed portion or portions of the Common Property, of constructing or installing any capital improvements to the Common Property, or of taking any extraordinary action for the benefit of the Common Property or the membership of the Association, pursuant to the provisions of this Declaration.

Section 4. "Association" shall mean and refer to View Pointe Maintenance Corporation, a California nonprofit, mutual benefit corporation, in which all Owners shall have a membership interest as more particularly described hereinbelow, provided that membership shall be limited to Owners.

Section 5. "Association Property" shall mean and refer to all personal property now or hereafter owned by the Association, and all that certain real property (and to all Improvements constructed thereon) owned in fee by the Association, or over which the Association has an easement for the use, care or maintenance for the common use, benefit and enjoyment of all Members, as provided herein, but excepting therefrom the Common Area, or for such other purposes as may be permitted by this Declaration. Portions of the Annexation Property may be annexed as additional Association Property in any Notice of Annexation recorded in the Official records of Orange County, California, in accordance with the provisions of the Article herein entitled "Annexation of Additional Property." As currently planned, the Association Property in the first Phase of the Project will consist of Lot A.

Section 6. "Board" shall mean and refer to the Board of Directors of the Association, elected in accordance with the By-Laws of the Association and this Declaration.

Section 7. "By-Laws" shall mean and refer to the By-Laws of the Association which have been, or will be, adopted by the Board, as such By-Laws may be amended, from time to time.

Section 8. "City" shall mean and refer to the City of Anaheim.

Section 9. "Common Area" shall mean and refer to all of that certain real property described in paragraph A of the Recitals hereinabove, together with all Improvements constructed thereon, but excepting therefrom all of the Condominium Units, as defined in Section 1351(b) of the California Civil Code and as more particularly described hereinbelow. Such real property is the Common Area for this first Phase of the Project. Portions of the Annexation Property may be designated as additional "Common Area" for a subsequent Phase in any Notice of Annexation recorded in the Official Records of Orange County, California, in accordance with the Article herein entitled "Annexation of Additional Property."

Section 10. "Common Expenses" shall mean and refer to the actual and estimated costs to be paid by the Association for the following: (a) owning, maintaining, managing, operating, repairing and replacing the Common Property; (b) managing and administering the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and any Association employees; (c) providing utilities and other services to the Common Property, and, if not separately metered, to the Condominium Units; (d) providing insurance as provided for herein; (e) paying that portion of any Assessment attributable to Common Expenses not paid by the Owner responsible for payment; (f) paying taxes for the Association; and (g) paying for all other goods and services designated by, or in accordance with, other expenses incurred by the Association for the benefit of all Owners. Additionally, the Common Expenses shall include adequate reserves, as the Board shall determine to be appropriate, for the repair and replacement of those elements of the Common Property which must be repaired or replaced on a periodic basis, rather on a regular annual basis.

Section 11. "Common Property" as used herein shall mean and refer collectively to all Common Area and to all Association Property in the Project and to any of the Association Property and additional Common Area designated and described as such in any Notice of Annexation recorded in the Official Records of Orange County, California, in accordance with the Article herein entitled "Annexation of Additional Property."

Section 12. "Condominium" shall mean an estate in real property, as defined in California Civil Code Section 1351(f), consisting of a separate interest in a Condominium Unit, together with an undivided fractional fee interest in the Common Area of that Phase of the Project of which the Condominium is a part, as more particularly shown and described in a Condominium Plan affecting such Phase recorded in the Official Records of Orange

County, California. Condominiums in this first Phase of the Project are more particularly described in Article III of this Declaration. Condominiums in any subsequent Phase may be described in a Notice of Annexation which is recorded that affects such Phase.

Section 13. "Condominium Building" shall mean and refer to a separate building containing one (1) or more Condominium Units.

Section 14. "Condominium Plan" shall mean and refer to each of those instruments entitled "Condominium Plan," prepared in accordance with Section 1351(e) of the California Civil Code, as the same may be amended, from time to time, and recorded in the Official Records of Orange County, California, affecting one (1) or more Phases of the Project. The Condominium Plan for this first Phase of the Project shall be recorded prior to or concurrently with this Declaration, and the Condominium Plan for each subsequent Phase shall be recorded prior to or concurrently with the Notice of Annexation for such Phase.

Section 15. "Condominium Unit" shall mean and refer to the elements of a Condominium which are not owned in common with the Owners of other Condominiums in the particular Phase in which the Condominium is located. Condominium Units in the first Phase of the Project are more particularly described in the Article herein entitled "Description of the Condominiums" and in the Condominium Plan. Condominium Units in subsequent Phases shall be described in a Notice of Annexation and in the Condominium Plan for said Phase. For purposes of this Declaration, the term "Condominium Unit" is deemed to be a "separate interest," as defined in Section 1351(f) of the California Civil Code.

Section 16. "County" shall mean and refer to the County of Orange, California.

Section 17. "Declarant" shall mean and refer to The Presley Companies, a California corporation, and to any person or entity acquiring all of Declarant's interest in the Project (including all of Declarant's rights and obligations as created and established herein) pursuant to a written assignment, deed or other instrument from Declarant which is recorded in the Office of the County Recorder for Orange County. Any such instrument may include only certain specific rights and/or obligations of the Declarant and may be subject to such conditions as Declarant may impose in its sole discretion.

Section 18. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements, and to all amendments to this Declaration as may be recorded, from time to time, in the Office of the County Recorder for Orange County, in accordance with Section 1351(h) and Section 1353 of the California Civil Code.

Section 19. "DRE" shall mean and refer to the Department of Real Estate of the State of California, which administers the sale of subdivided lands pursuant to Sections 11000, et seq., of the California Business and Professions Code, or any similar California statute hereinafter enacted.

Section 20. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind, including, but not limited to, Condominium Buildings, open parking areas, swimming pools, spas, cabanas, private streets, if any, street lights, entry gates, pavement, sidewalks, driveways, walls, fences, decorative or informative signs, retaining walls, mail kiosks, common trash receptacles, if any, screens, private utility line connections, poles, signs all Common Area landscaping and irrigation systems. Improvements shall also mean and refer to all additions and/or modifications to the exterior of any Condominium Unit, including, but not limited to, (a) painting the exterior of any Condominium or other structure, (b) changing the roofing material on any Condominium, and/or (c) building, constructing, installing, altering or planting, as the case may be, any spas, patio covers, balcony covers, decks, gazebos, stairs, screening walls or fences, shades, awnings, screen doors, exterior doors, skylights, solar heating panels, air conditioning and/or water softening or refining fixtures or systems, and all landscaping which left in its natural condition will grow to a height in excess of ten feet (10').

Section 21. "Lot" shall mean and refer to a plot of land which is separately described and numbered or lettered on a recorded subdivision map.

Section 22. "Member" shall mean and refer to every person or entity who holds membership in the Association, as more particularly set forth in the Article herein entitled "The Association," and shall be synonymous with the term "Owner."

Section 23. "Mortgage" shall mean and include any mortgage or deed of trust, or other conveyance of a Condominium (or other portion of the Project) to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance, including an installment land sales contract (as described in Sections 2985 through 2985.6 of the California Civil Code, as same may be amended from time to time). The term "Deed of Trust," when used herein, shall be synonymous with the term "Mortgage."

Section 24. "Mortgagee" shall mean and refer to a person or entity to whom a Mortgage is made, and shall include the beneficiary of a Deed of Trust or the vendor under an installment land sales contract, as the case may be, and the assignees of a Mortgages, beneficiary or vendor.

Section 25. "Mortgagor" shall mean and refer to a person or entity who mortgages his or its Condominium to another, i.e., the maker of a Mortgage, and shall include a trustor of a Deed of Trust and the vendee under an installment land sales contract.

Section 26. "Notice and Hearing" shall mean and refer to written notice and the opportunity for a hearing before the Board or the Architectural Control Committee of the Association, as applicable, or other tribunal appointed by the Board in the manner provided in the By-Laws, at which the affected Owner shall have an opportunity to be heard in the manner provided herein and in the By-Laws.

Section 27. "Notice of Annexation" shall mean and refer to that certain instrument utilized to annex all or a portion of the Annexation Property, in accordance with the provisions of this Declaration, thereby subjecting said subsequent Phase to the provisions of this Declaration and to the jurisdiction of the Association.

Section 28. "Owner" shall mean and refer to the record Owner, or Owners if more than one (1), or the purchaser under an installment land sales contract of fee title to, or an undivided interest in, any Condominium in the Project. The term "Owner" shall include Declarant, the vendee under an installment land sales contract (as described in Sections 2985 through 2985.6 of the California Civil Code, as same may be amended, from time to time), and the holder of a leasehold estate having a term of ten (10) or more years, including renewal periods. The foregoing does not include persons or entities who hold an interest in a Condominium merely as security for the performance of an obligation.

Section 29. "Phase" shall mean and refer to a Lot (or Lots) improved with Condominiums or other Improvements which is annexed into the Project in accordance with this Declaration, and which is subject to a separate Final Subdivision Public Report issued by the DRE.

Section 30. "Project" shall mean and refer to the Property (and to all Improvements, including the Condominium Units, constructed thereon) together with all Association Property and Annexation Property which is annexed to the Property in accordance with the applicable provisions of this Declaration.

Section 31. "Property" shall mean and refer to all of that certain real property described in Paragraph A of the Recitals hereinabove.

Section 32. "Rules and Regulations" shall mean and refer to the Rules and Regulations adopted by the Board pursuant to the By-Laws or this Declaration, as they may be amended, from time to time.

Section 33. "VA/FHA" shall mean and refer to the United States Veterans Administration and/or Federal Housing Administration, including the department or agency of the United States government as shall succeed to the VA and/or FHA.

Section 34. Application of Definitions. The aforesaid definitions shall be applicable throughout this Declaration, and to any supplements or amendments hereto filed or recorded pursuant to the provisions of this Declaration, and to any Notice of Annexation for a subsequent Phase, unless otherwise indicated or the context shall prohibit such application.

ARTICLE II

INTRODUCTION TO VIEW POINTE

Section 1. General Plan of Development. View Pointe is presently planned as a multi-phase condominium project, as defined in Section 1351(f) of the California Civil Code, which, if completed as planned, will consist of approximately two hundred thirty-two (232) Condominiums and various recreational amenities. Recreational amenities may include a swimming pool, cabanas with restrooms, spas and open space landscaping. The Project will be developed in accordance with California Civil Code, Sections 1350, et seq., and in substantial conformance with the development plan and plans submitted to and approved by the City, DRE and/or VA/FHA. The Association will maintain the Common Property and will be the management body for the Project, as provided herein.

(a) As presently planned, the Property will be the first Phase of the Project and will consist of approximately forty-eight (48) Condominiums. The Condominium Units will be completed prior to the first close of an escrow for the sale of a Condominium in the Property. The Condominiums are more particularly described in the Article herein entitled "Description of the Condominiums" and are either "stacked" (i.e. one Condominium Unit above another) or are "townhomes" (i.e. two story Condominium Units). The Owners in the first Phase will receive title to their respective Condominium Units, various easements (exclusive and nonexclusive, as set forth in this Declaration), an undivided one/forty-eighth (1/48) interest in the Common Area in the first Phase of the Project and a membership in the Association.

(b) As presently planned, the subsequent Phases of View Pointe may be annexed as more particularly set forth in this Declaration, and the Condominium Buildings and Condominium Units in such Phases will be of similar construction and appearance as the Condominium Units in the first Phase. The Owners in subsequent Phases will receive title to

their respective Condominium Units, various easements (exclusive and nonexclusive, as set forth in this Declaration and the Notice of Annexation recorded on said Phase), an undivided interest in the Common Area in such Phase, and a membership in the Association.

Section 2. Membership in Association. As more particularly set forth in this Declaration, each Owner of a Condominium in the Project shall automatically become a Member of the Association, and shall be obligated for the payment of Assessments to the Association. In addition, each Owner, his family members, lessees, tenants, guests and invitees, will be entitled to the use and enjoyment of the Common Property within the Project, in accordance with this Declaration, the By-Laws and Rules and Regulations adopted by the Board.

Section 3. Annexation of Subsequent Phases Into the Association. At such time as future Phases are developed, if ever, Declarant may annex said Phases into the Association pursuant to the terms and conditions set forth herein. If Declarant elects to annex said Phases, a Notice of Annexation shall be recorded on each Phase, which shall serve to impose the Protective Covenants set forth herein upon such Phase and to subject such Phase to the jurisdiction of the Association. The voting rights in the Association and the Assessments levied by the Association shall be adjusted as set forth herein.

Section 4. Development Control. Subject only to the prior approval of the VA/FHA, nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant (a) to complete construction of any Improvements in the Project, (b) to redesign or otherwise alter the style, size, color or appearance of any Improvements in any portion of the Project owned by Declarant, (c) to construct additional Improvements on any portion of the Project owned by Declarant, and/or (d) to otherwise control all aspects of constructing the Improvements in the Project, and of marketing and conveying Condominiums in the Project. In furtherance thereof, Declarant hereby reserves, unto itself and its successors and assigns for a period of time not to exceed seven (7) years from recordation of this Declaration, (a) a non-exclusive easement for ingress and egress on, over and across the Project as necessary to construct the Condominium Units and all other Improvements, (b) the exclusive right to maintain a sales office, model complex, interior design and decorator center and parking area for employees, agents and prospective buyers, (c) the exclusive right to place reasonable signs, flags, banners, billboards or other forms of advertising on any portion of the Project owned or controlled by Declarant, and (d) a nonexclusive right to utilize the Common Property and any unassigned open

parking spaces in connection with its program for the sale or leasing of Condominiums in the Project.

Section 5. Non-Liability of Declarant. Nothing in this Article or elsewhere in this Declaration shall be understood or construed to compel Declarant to construct any subsequent Phase of the Project, nor to compel Declarant to annex said Phases into the Project. The purpose of this Article is merely to describe the legal relationship between the first and any subsequent Phases of the Project in the event all or any of such Phases shall be constructed and annexed into the Project.

Section 6. Special Assessments. Each Owner hereby acknowledges that each Condominium in the Project is at least located within and subject to that certain community facilities district known as "Community Facilities District No. 1989-2" ("District"), the formation of which was for the purpose of financing certain facilities and services in the City, including, but not limited to, widening of Santa Ana Canyon Road and Imperial Highway, Serrano Avenue road improvements, Deer Canyon Park and storm drainage improvements, police substation servicing Anaheim Highlands and police and fire services. Each Owner acknowledges that since his Condominium is within the District, in addition to general real property taxes, said Condominium is subject to special taxes levied by the District and collected in the real property tax bill issued by the County for his Condominium. The amount of the special tax levied by the District depends, among other things, upon the interest rate and term of the bonds which are sold to finance the improvements within the District. The Owner acknowledges and understands that said special taxes are due and payable, and bear the same penalties and interest for nonpayment as regular real property tax payments.

ARTICLE III -

DESCRIPTION OF THE CONDOMINIUMS

Declarant, in order to establish a plan of Condominium ownership for the Property, does hereby declare that it has divided, and does hereby divide, the Property into the following freehold estates:

Section 1. "Townhouse" Condominium Unit. Each "Townhouse" Condominium Unit shall be a separate interest, as defined in Section 1351(f) of the California Civil Code, consisting of the following elements in accordance with the plans and specifications for each Condominium Unit within the Property, as more particularly shown and described on the Condominium Plan.

(a) Residential Airspace Element. The first and second floor residential airspace element is bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of said

element, and the airspace encompassed thereby, identified on the Condominium Plan by the letter "U" followed by its respective Condominium Unit number. The lower and upper boundaries of each residential airspace element are horizontal or sloped planes, the elevations of which are indicated in the Schedule of Elevations set forth in the Condominium Plan. The lateral boundaries of each residential airspace element are vertical planes at the limits of the horizontal dimensions shown in the Condominium Plan for each residential airspace element.

(b) Garage Airspace Element. The garage airspace element is bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings and garage door of said element, and the airspace encompassed thereby, identified on the Condominium Plan by the letter "G" followed by its respective Condominium Unit number. The lower and upper boundaries of each garage airspace element are horizontal or sloped planes, the elevations of which are indicated in the Schedule of Elevations set forth in the Condominium Plan. The lateral boundaries of each garage airspace element are vertical planes at the limits of the horizontal dimensions shown in the Condominium Plan for each garage airspace element.

Each "Townhouse" Condominium Unit includes both the portion of the building so described and the airspace so encompassed, all windows and doors in said Condominium Unit (including all locks, handles, latches, screens and weatherstripping), the forced air heating unit, the air conditioning compressor, if any, the hot water heater, all built-in appliances and fixtures, the garage door opener, and the firebox portion of the fireplace in or servicing the Condominium Unit, if any, the interior staircase, but the following are not a part of the "Townhouse" Condominium Unit: bearing walls, columns, beams, floors, roofs, slabs, foundations, chimneys, fences, exterior stairs and landings, reservoirs, tanks, pumps, private on-site sewer laterals and lines, common mailbox structures, irrigation equipment and other central services, pipes, ducts, flues, chutes, conduits, wires, exterior lighting and other utility installations wherever located (except all utility installations and/or outlets thereof when located within the Condominium Units including the internal and external telephone wiring designed to exclusively serve a Condominium Unit), sidewalks, retaining walls, poles, signs, Project monument sign, all landscaping located on the Common Area and all recreational amenities.

Section 2. "Stacked" Condominium Unit. Each "Stacked" Condominium Unit shall be a separate interest, as defined in Section 1351(f) of the California Civil Code, consisting of the fol-

lowing elements in accordance with the plans and specifications for each "Stacked" Condominium Unit as more particularly shown and described on the Condominium Plan.

(a) The Residential Airspace Element. The residential airspace element is bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of said element, identified on the Condominium Plan by the letter "U" followed by its respective Condominium Unit number. The lower and upper boundaries of each residential airspace element are horizontal or sloped planes, the elevations of which are indicated in the Schedule of Elevations set forth in the Condominium Plan. The lateral boundaries of each residential airspace element are vertical planes at the limits of the horizontal dimensions shown in the Condominium Plan for each residential airspace element.

(b) Garage Airspace Element. The garage airspace element is bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings and garage door of said element, and the airspace encompassed thereby, identified in the Condominium Plan by the letter "G" followed by its respective Condominium Unit number. The lower and upper boundaries of each garage airspace element are horizontal or sloped planes, the elevations of which are indicated in the Schedule of Elevations set forth in the Condominium Plan. The lateral boundaries of each garage airspace element are vertical planes at the limits of the horizontal dimensions shown in the Condominium Plan for each garage airspace element.

Each "Stacked" Condominium Unit includes both the portion of the building so described and the airspace so encompassed, all windows and doors in said Condominium Unit (including all locks, handles, latches, screens and weatherstripping), the forced air heating unit, the air conditioning compressor, if any, the hot water heater, all built-in appliances and fixtures, the garage door opener and the firebox portion of the fireplace in or servicing the Condominium Unit, if any, but the following are not a part of the "Stacked" Condominium Unit: bearing walls, columns, beams, floors, roofs, slabs, foundation, chimneys, fences, exterior stairs and landings, reservoirs, tanks, pumps, private on-site sewer laterals and lines, common mailbox structures, irrigation equipment and other central services, pipes, ducts, flues, chutes, conduits, wires, exterior lighting and other utility installations wherever located (except all utility installations and/or outlets thereof when located within the Condominium Units including the internal and external telephone wiring designed to exclusively serve a Condominium Unit), sidewalks,

retaining walls, poles, signs, Project monument sign, all landscaping located on the Common Area and all recreational amenities.

Section 3. Presumption of Boundaries of Condominium Units. In interpreting this Declaration, the Condominium Plan and all instruments of conveyance, the existing physical boundaries of the Condominium Unit, or of a Condominium Unit reconstructed in substantial accordance with the original Condominium Plan thereof, shall be conclusively presumed to be its boundaries, rather than the metes and bounds (or other description) expressed in this Declaration, Condominium Plan or instrument of conveyance, regardless of settling or lateral movement of the Condominium Building and regardless of minor variances between the boundaries shown in the Condominium Plan, in the deed and/or in this Declaration, and the actual boundaries of the Condominium Building.

Section 4. Common Area. A freehold estate consisting of an undivided fractional fee interest in the remaining portion of the Property is described and referred to herein as the "Common Area." The Common Area shall include, without limitation, the Property, as defined hereinabove, the Condominium Buildings (excepting therefrom the Condominium Units), together with all bearing walls, columns, beams, floors, roofs, slabs, foundations, chimneys, fences, exterior stairs and landings, reservoirs, tanks, pumps, private on-site sewer laterals and lines, common mailbox structures, irrigation equipment and other central services, pipes, ducts, flues, chutes, conduits, wires, exterior lighting and other utility installations wherever located (except all utility installations and/or outlets thereof when located within the Condominium Units including the internal and external telephone wiring designed to exclusively serve a Condominium Unit), sidewalks, retaining walls, poles, signs, Project monument sign, any recreational amenities and all landscaping located on the Common Area.

Section 5. Exclusive Use Common Areas. Exclusive Use Common Areas shall mean and refer to those portions of the Common Area which are reserved for the exclusive use of the Owners of particular Condominium Units. Each Exclusive Use Common Area constitutes an exclusive easement appurtenant to its assigned Condominium Unit, subject to the exclusive uses and purposes set forth herein. The Exclusive Use Common Areas and the Condominium Units within the Property, to which such Areas are appurtenant, are identified in the Condominium Plan as follows:

(a) **Courtyard Area.** The courtyard area bounded by and contained within the exterior finished surfaces of the courtyard perimeter walls, fences, gates and/or doors, identified on the Condominium Plan by the letter "C" followed by

its respective Condominium Unit number, is hereby assigned to such Condominium Unit as shown in the Condominium Plan. Each courtyard area also includes any exterior stairway and landing as indicated in the Condominium Plan.

(b) Balcony Area. The balcony area bounded by and contained within the exterior finished surfaces of the balcony perimeter walls, the balcony railings, walls, and doors, identified on the Condominium Plan by the letter "B" followed by its respective Condominium Unit number is hereby assigned to such Condominium Unit as shown in the Condominium Plan. Some Condominium Units may have more than one (1) balcony area as shown on the Condominium Plan and are further identified by a letter designation (i.e., "B-__A" and "B-__B").

(c) Patio Area. The patio area bounded by and contained within the exterior finished surfaces of the patio perimeter walls and/or fences and doors, identified on the Condominium Plan by the letter "P" followed by its respective Condominium Unit number is hereby assigned to such Condominium Unit as shown in the Condominium Plan.

(d) Parking Area. The parking area identified on the Condominium Plan by the letters "AP" followed by its respective Condominium Unit number is hereby assigned to such Condominium Unit as shown in the Condominium Plan.

(e) Standard Air Conditioning Pad. The standard air conditioning pad identified on the Condominium Plan by the letters "AC" followed by its respective Condominium Unit number is hereby assigned to such Condominium Unit as shown in the Condominium Plan.

It shall be the obligation of each and every Owner to keep his respective Exclusive Use Common Area in a neat, clean, safe and attractive condition at all times. Without limiting the generality of the foregoing, each Owner shall, at his sole cost and expense, be responsible for resurfacing his balcony area (if applicable), with a seal coat approved by the Architectural Control Committee. In no event shall any Owner install any artificial turf on the exterior staircase in his courtyard area (if applicable) or balcony area. The Association shall be responsible for painting and performing all routine maintenance of all structural components of the Exclusive Use Common Area and for making all structural repairs to the Exclusive Use Common Area; provided, however, if any maintenance or repairs are required due to the willful or negligent acts or omissions of any Owner, his family, lessees, tenants, guests or invitees, the Association shall levy a Compliance Assessment against the Owner for such costs.

Section 6. Undivided Fractional Fee Interest in Common Area. The interest in the Common Area of the Property hereby established and which shall be conveyed with each respective Condominium Unit in the Property is a one/forty-eighth (1/48th) undivided fractional fee interest. The above respective undivided fractional fee interest established and to be conveyed with the respective Condominium Units, as indicated above, cannot be changed. Declarant, for and on behalf of itself, and its successors, assigns and grantees, covenants and agrees that neither the Condominium Unit nor the respective undivided fractional fee interest in the Common Area shall be separately conveyed or encumbered. An otherwise valid conveyance or encumbrance referring only to the Condominium Unit shall also convey or encumber the respective undivided fractional fee interest in the Common Area. Any attempt to convey or encumber the undivided fractional fee interest in the Common Area without the respective Condominium Unit shall be null and void.

Section 7. Easements Over Common Property. Each Owner shall have a nonexclusive easement appurtenant to his Condominium for ingress, egress, use and enjoyment on and over the Common Property, except those portions of the Common Area set aside as Exclusive Use Common Area, as provided for in this Declaration.

Section 8. Components of Condominium Ownership. Each Condominium includes: (a) a separate interest in a Condominium Unit, as defined in Sections 1 or 2 hereinabove; (b) all easements, exclusive and nonexclusive, appurtenant to the respective Condominium Unit; (c) a one/forty-eighth (1/48th) undivided fractional fee interest in the Common Area; and (d) a membership in the Association.

Section 9. Condominium Numbering. The forty-eight (48) individual Condominium Units which are hereby established and which shall be individually conveyed are described and numbered on the Condominium Plan.

Section 10. Guest Parking Areas. Except as otherwise provided in this Declaration, any unassigned open parking areas, shown and designated on the Condominium Plan by the letters "GP", shall be used for guest parking.

Section 11. Reservation of Easements Over Common Property for Subsequent Phases. Declarant hereby reserves the right to grant nonexclusive easements over the Common Property in this first Phase of the Project (except any portions of the Common Area set aside as Exclusive Use Common Area and except for any portions subject to the rights reserved by Declarant as set forth in this Declaration) in favor of each Owner of a Condominium in a subsequent Phase at such time as the annexation of such Phase becomes effective, and the Owners of the Condominiums described in this Declaration shall automatically obtain nonexclusive ease-

ments over all Common Property which is a part of such subsequent Phase, except any portions of the Common Area set aside as Exclusive Use Common Area or subject to rights reserved by Declarant.

ARTICLE IV

RESERVATION OF EASEMENTS AND OTHER
PROPERTY RIGHTS IN THE COMMON PROPERTY

Section 1. Owners' Easements. Every Owner shall have a nonexclusive right and easement of access, use and enjoyment in and to the Common Property. Said right and easement shall be appurtenant to and shall pass with title to every Condominium, subject to the limitations set forth in Section 2 below.

Section 2. Limitations on Owners' Easement Rights. The rights and easements of access, use and enjoyment set forth in Section 1 hereinabove shall be subject to the provisions of this Declaration, including, but not limited to, the following:

(a) The right of Declarant to designate additional Common Area and Association Property by recordation of one (1) or more Notices of Annexation, pursuant to the provisions of the Article herein entitled "Annexation of Additional Property";

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

(c) The right of the Association to establish and enforce reasonable Rules and Regulations pertaining to the use of the Common Property and Exclusive Use Common Area;

(d) The right of the Association, in accordance with its Articles, By-Laws and this Declaration, to borrow money with the assent of sixty-seven percent (67%) of the voting power of the Association, excluding Declarant, and/or to Mortgage, pledge, deed in trust or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, for the purpose of improving or repairing the Common Property and related facilities;

(e) The right of the Association to suspend the voting rights and rights and easements of any Member, (and the persons depriving such rights and easements from any Member) to use and enjoy any recreational amenities on the Common Property for the period during which any Assessment against such Member's Condominium remains unpaid and delinquent; and after Notice and Hearing, to impose monetary penalties or suspend such use rights and easements for a period not to exceed thirty (30) days for any noncontinuing violation of this Declaration or Rules and Regulations, it being understood that any suspension for either nonpayment of any Assessments or breach of such Rules shall not consti-

tute a waiver or discharge of the Member's obligations to pay Assessments as provided herein;

(f) Subject to the terms and provisions of the Article herein entitled "Mortgagee Protection," the right of the Association to dedicate or transfer all or any part of the Common Property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless: (1) an instrument approving said dedication or transfer is signed by two authorized officers of the Association attesting that Owners representing at least sixty-seven percent (67%) of the voting power of the Association, excluding Declarant, approved such action and is recorded in the Office of the County Recorder for Orange County, and (2) a written notice of the proposed dedication or transfer is sent to every Owner not less than fifteen (15) days nor more than thirty (30) days in advance; provided, however, that the dedication or transfer of easements for utilities or for other public purposes consistent with the intended use of the Common Property shall not require the prior approval of the Members of the Association;

(g) The right of the Association to perform and exercise its duties and powers as set forth herein;

(h) The right of the Association to approve, which approval shall not be unreasonably withheld, and impose various conditions on the reasonable access to the Common Property for the purpose of allowing an Owner to maintain the internal and external telephone wiring designed to serve his particular Condominium Unit;

(i) Other rights of the Association, the Architectural Control Committee, the Board, the Owners and Declarant with respect to the Common Property as may be provided for in this Declaration; and

(j) Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of the Common Property imposed by Declarant or by the City, or other governmental agency having jurisdiction to impose any such limitations, restrictions or conditions, including, but not limited to, the rights of the City or such other governmental agency having jurisdiction to use their vehicles or appropriate equipment over those portions of the Common Property designed for vehicular movement to perform municipal functions or emergency or essential public services.

Section 3. Delegation of Common Property Use Rights.

Any Owner who resides within the Project may delegate his rights of use and enjoyment to the Common Property to the members of his immediate family and their guests and invitees. In the event an

Owner has rented or leased his Condominium, his rights of use and enjoyment to the Common Property shall be automatically delegated to his tenants or lessees for the duration of their tenancy, and the Owner shall forfeit any rights of use and enjoyment to the Common Property (except those portions reasonably necessary to access said Owner's Condominium to perform normal functions of a landlord) for the duration of such tenancy. With respect to an installment land sales contract, the seller under the contract shall be deemed to have delegated his rights of use and enjoyment to the Common Property to the purchaser under the contract.

Section 4. Easements for Vehicular Traffic. In addition to the general right and easements for access, use and enjoyment granted herein, there shall be, and Declarant hereby reserves unto itself, and its successors and assigns, and grants to each and every Owner a nonexclusive easement appurtenant to his Condominium for vehicular traffic over the private streets and drives within the Project.

Section 5. Easements for Utilities. The rights and duties of the Owners of Condominiums within the Project with respect to sanitary sewer, water, electricity, gas, television cable and telephone lines, and other facilities, shall be governed by the following:

(a) Each respective utility company shall maintain all utility facilities and connections on the Project owned by such utility company; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those facilities and connections located upon or within such Owner's Condominium and it shall be the obligation of the Association to maintain those facilities and connections located upon the Common Property. Notwithstanding the foregoing, internal and external telephone wiring designed to serve a single Condominium Unit, but located outside the boundaries of the Condominium Unit, shall be maintained by the Owner of said Condominium Unit.

(b) Wherever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project and it becomes necessary to gain access to said connections, cables and/or lines through a Condominium Unit owned by someone other than the Owner of the Condominium Unit served by said connections, cables and/or lines, the Owner of the Condominium Unit served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon such other Condominium Unit or to have the utility companies enter upon such other Condominium Unit to repair, replace and generally maintain said connections, cables and/or lines.

(c) Whenever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project, and said connections, cables and/or lines serve more than one (1) Condominium Unit, the Owner of each Condominium Unit served by said connections, cables and/or lines shall be entitled to the full use and enjoyment of such portions of same as service his Condominium Unit.

(d) In the event of a dispute between Owners respecting the repair or rebuilding of the aforesaid connections, cables and/or lines, or the sharing of the cost thereof, upon written request of one (1) of such Owners addressed to the Association, the matter shall be submitted to the Board who shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners.

(e) Easements over the Project for the installation and maintenance of electric and telephone lines, water, gas, drainage and sanitary sewer connections and facilities, and television antenna cables and facilities, all as shown on the recorded map of the Project and as may be hereafter required or needed to service the Project, are hereby reserved by Declarant, together with the right to grant and transfer the same.

Section 6. Easements for Maintenance of the Common Property. There is hereby created, granted and reserved a nonexclusive easement in favor of the Association for ingress, egress and access on, over and across all portions of the Project as reasonably required by the Association to perform its maintenance obligations set forth in this Declaration. In the event it becomes necessary for the Association to enter upon any Condominium Unit or Exclusive Use Common Area for purposes of: (a) maintaining the Common Property; or (b) bringing an Owner and/or his Condominium into compliance with this Declaration, in accordance with the provisions set forth herein, the Association, and its duly authorized agents and employees, shall have the right, after reasonable notice to the Owner and at a reasonable hour of the day, to enter upon or within such owner's Condominium Unit for the performance of such work. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by such entry, the Association shall repair the same at its expense. Notwithstanding the foregoing, in the event of an emergency, such right of entry shall be immediate.

Section 7. Easements for Drainage. There are hereby created, granted and reserved over the Common Property (including the Exclusive Use Common Areas) easements for drainage according to the established patterns for drainage created by the approved

grading plans for the Project, as well as according to the actual, natural and existing patterns for drainage. Each Owner covenants and agrees that he shall not obstruct or otherwise interfere with said drainage patterns of waters, or in the alternative, that in the event it is necessary and essential to alter said drainage patterns, he will make adequate provisions for proper drainage and submit such plans for approval by the Architectural Control Committee. In conjunction therewith, each Owner covenants and agrees that he shall not alter, in any manner whatsoever, the surface of his patio area, balcony area or courtyard area, or obstruct any drainage spouts in said areas.

Section 8. Easements for Construction and Sales. Declarant hereby reserves, for a period of seven (7) years from the recordation of this Declaration or until all Condominiums in the Project are sold (and escrows closed), whichever occurs first, nonexclusive easements for access, ingress and egress on and over the Project to carry on normal sales activity, including the operation of a models complex, sales office and parking area, and the display of promotional signs and exhibits in connection with the sale or lease of Condominiums in the Project.

Section 9. Easements for Air Conditioners/Forced Air Heating Units. As to any air conditioning compressor or forced air heating unit which is located on a portion of the Common Area, which includes the roofs of the Condominium Buildings, there is hereby created, established and granted an exclusive easement on, over and across said portion of the Common Area for the permanent placement of such compressor. Additionally, each Owner is granted an easement for ingress, egress and access on and over the Common Area to maintain, repair and replace his respective air conditioning compressor and/or heating unit.

Section 10. Reservation of Construction Rights by Declarant. In addition to the rights reserved by Declarant to control development of the Project as set forth in the Article hereinabove entitled "Introduction to View Pointe," nothing in this Declaration shall limit the right of Declarant to establish, reserve and/or grant additional licenses, easements and rights-of-way in favor of Declarant, utility companies or others as may, from time to time, as may be reasonably necessary for the development of the Project. The foregoing rights established and reserved by Declarant shall be subject only to the applicable regulations and requirements of the City, the DRE and the VA/FHA.

Section 11. Easement for Public Service Uses. In addition to the foregoing easements over the Common Property, there are hereby created, established and granted easements for public services, including, but not limited to, the right of police, fire, ambulance and other public services to enter upon any part

of the Common Property for purposes of serving the health and welfare of all Owners in the Project.

Section 12. Owner Cooperation for Fumigation. In the event that it shall become reasonably necessary for the Association to fumigate a Condominium Building to control termites, insects, wood-destroying pests, organisms or for other similar purposes, the Owners of all Condominium Units in said Condominium Building shall cooperate with the Association so as to enable such work to be promptly and effectively completed (including, but not limited to, agreeing on the dates the Owners will vacate their respective Condominium Units to enable the fumigation work to be performed). The cost of such fumigation may be included in the Regular Assessments or reviewed by the Board as a Special Assessment in accordance with the Article hereinbelow entitled "Assessments," as the Board deems appropriate. In any case, each Owner shall be responsible for his respective costs for food and lodging during the period the Condominium Building is required to be vacated. In the event it is necessary to temporarily vacate a Condominium Unit to accommodate the control of termites, insects, wood-destroying pests or organisms, the Association shall give notice to the affected Condominium Unit Owners not less than fifteen (15) days nor more than thirty (30) days prior to the date that said Owners must temporarily vacate their Condominium Unit. The notice shall state the reason for the temporary relocation, the date and time of the beginning of the fumigation or treatment, the anticipated date and time of termination of treatment, and the fact that each Owner shall be responsible for his respective costs for food and lodging during the temporary relocation. In order for the above-mentioned notice by the Association to be deemed complete, the Association must comply with either of the following:

(a) Personal delivery of a copy of the notice to the occupants of the affected Condominium Units and the mailing of said notice to the Owners, if different than the occupants, by first class mail, postage prepaid, at the most current address indicated on the books of the Association; and

(b) Mailing a copy of the notice to the occupants of the affected Condominium Units at the address of said Condominium Units and a copy of the notice to the Owners, if different than the occupants, by first class mail, postage prepaid, at the most current address shown on the books of the Association.

Section 13. Control and/or Transfer of Title of Common Property. Control of the Common Property (excluding those portions of the Common Property which are subject to the various rights reserved by Declarant as set forth in this Declaration)

shall be turned over by Declarant to the Association prior to or simultaneously with the first close of escrow for the sale of a Condominium in the Project. Without limiting the generality of the foregoing, Declarant shall convey title to the Association Property to the Association free and clear of all encumbrances and liens, except property rights in and to the Association Property which are of record or created herein, and any current real property taxes, which shall be prorated to the date of transfer. Said conveyance shall be made to the Association prior to or concurrently with the first conveyance of a Condominium in a Phase of the Project in which the Association Property is located.

ARTICLE V

THE ASSOCIATION

Section 1. Membership. Every person or entity who or which is an Owner, as defined hereinabove, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Condominium in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Condominium owned. When more than one (1) person holds an interest in any Condominium, all such persons shall be Members. The vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium.

Class B. The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Condominium owned in the Project upon which Declarant is then paying the appropriate monthly Assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon the happening of either of the following events, whichever occurs earliest:

(a) The second anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Phase of the Project;

(b) The seventh anniversary of the first close of an escrow in the first Phase of the Project;
or

(c) December 31, 1996.

Any action by the Association which must have the approval of the membership of the Association before being undertaken shall require the vote or written assent of both a majority

of the Class B membership as well as a majority of the Class A membership, so long as there are two (2) outstanding classes of membership, unless a specific provision of this Declaration or the By-Laws or Articles of the Association requires the approval of a greater percentage of the voting membership. Notwithstanding the foregoing, any action by the Association pursuant to the Article contained herein entitled "Enforcement of Bonded Obligations" shall only require a majority of the voting power of the Owners, other than Declarant.

Section 3. Adjustment of Voting Rights. The voting rights in the Association shall be adjusted on the first day of the month immediately following the first close of an escrow for the sale of a Condominium in each subsequent Phase of the Project.

Section 4. Vesting of Voting Rights. The voting rights attributable to any given Condominium in the Project, as provided for herein, shall not vest until the Assessments provided for hereinbelow have been levied by the Association against said Condominium.

Section 5. Suspension of Voting Rights. As more particularly set forth in the Article entitled "General Provisions," the Board shall have the authority, among other things, to suspend the voting rights of any Member to vote at any meeting of the Members for any period during which such Owner is delinquent in the payment of any Assessment, regardless of type, it being understood that any suspension for nonpayment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay the Assessments provided for in this Declaration.

Section 6. Transfer. The Association membership held by any Owner of a Condominium shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Condominium. In the event of such sale, the Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Condominium, or to the Mortgagee (or third party purchaser) of such Condominium upon a foreclosure sale. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association may levy a reasonable transfer fee against new Owners and their Condominiums (which fee shall be a Compliance Assessment chargeable to such new Owner) to reimburse the Association for the actual administrative cost of transferring the memberships to the new Owners on the records of the Association.

Section 7. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following:

(a) the conveyance by the Owner of his Condominium; (b) the date of automatic termination, if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy. Any form of proxy or written ballot distributed to the membership of the Association shall afford an Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy was distributed, except it shall not be mandatory that a candidate for election to the Board be named in the proxy. A proxy or written ballot shall provide that, where the Owner specifies a choice, the vote shall be cast in accordance with that choice. In addition, the proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it shall be valid.

ARTICLE VI

POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Management Body. The Association is hereby designated as the management body of the Project. The Members of the Association shall be the Owners in the Project as provided herein, and the affairs of the Association shall be managed by a Board of Directors, as more particularly set forth in the By-Laws. The initial Board shall be appointed by the incorporator(s) or its/their successor(s). Thereafter, the Directors shall be elected as provided in the By-Laws.

Section 2. Powers. The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Subject to the provisions of the Articles, the By-Laws and this Declaration, the Board shall have all general powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations, and shall have the following specific powers:

(a) Enforce the provisions of this Declaration and all contracts or any agreements to which the Association is a party;

(b) Acquire, manage, maintain, repair and replace all Common Property and Improvements located thereon, including all personal property, in a neat, clean, safe and attractive condition at all times, and to pay all utilities, gardening and other necessary services for the Common Property, all as more specifically set forth in the Article herein entitled "Repair and Maintenance";

(c) Maintain fire, casualty, liability and fidelity bond coverage, and other insurance coverage pursuant to the terms of that Article herein entitled "Insurance";

(d) Obtain, for the benefit of the Common Property, all commonly metered water, gas and electric services, refuse collection and cable (or master antenna) television service;

(e) Employ and retain a professional manager and/or management company to perform all or any portion of the duties and responsibilities of the Board and engage such other personnel (including attorneys and accountants) as necessary for the operation of the Project and administration of the Association;

(f) Pay all taxes and special assessments which would be a lien upon the entire Project or the Common Property, and to discharge any lien or encumbrance levied against the entire Project or the Common Property;

(g) Pay for reconstruction of any portion of the Common Property damaged or destroyed;

(h) Delegate its powers;

(i) Adopt reasonable Rules and Regulations concerning the maintenance, improvement, use and/or occupancy of the Project;

(j) Enter into any Condominium when necessary in connection with maintenance or construction for which the Association is responsible; and

(k) Perform any and all other acts and things that a nonprofit, mutual benefit corporation organized under the laws of the State of California is empowered to do, which may be necessary, convenient or appropriate in the administration of its affairs for the specific purposes of meeting its duties as set forth in this Declaration.

Section 3. Duties. The Board shall perform and execute the following duties for and on behalf of the Association:

(a) Provide, water, sewer, gas, electricity, garbage and trash collection, periodic drainage device clearing and other necessary utility services for the Common Property, and, if not separately metered or provided, for the Condominium Units;

(b) Provide insurance for the Association and its Members in accordance with the provisions of the Article hereinbelow entitled "Insurance."

(c) Acquire, own, maintain and repair all portions of the Common Property (and any Common Property which is annexed into the Project) in a neat, clean, safe, attractive, sanitary and orderly condition at all times. Without

limiting the generality of the foregoing, the Association shall be responsible for the following:

(i) maintaining the private streets, if any, entry gates and related systems, sidewalks, private on-site sewer lines and laterals, storm drains, drainage channels, debris basins and/or other similar drainage facilities, if any, in a condition comparable to the condition initially approved by the City; and

(ii) maintaining all natural slopes, (including performing appropriate brush and weed abatement) in accordance with the requirements of the Fire Marshal so that such slopes do not become a fire menace as defined in the California Health and Safety Code, and maintaining all landscaping and related water conservation irrigation systems on all manufactured slopes (or other planted slopes) with appropriate plant material in a condition comparable to the condition initially approved by the City.

(d) Contract for any other material, supplies, furniture, labor, services, maintenance, repairs, structural alterations and insurance which the Association is required to pay for pursuant to the terms and provisions of this Declaration or by law;

(e) Cause a yearly inspection to be made, by a licensed engineer, of all slope areas and drainage devices located within the Project;

(f) Cause financial statements for the Association to be regularly prepared and copies distributed to each Member of the Association, regardless of the number of Members or the amount of assets of the Association:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year, and shall contain the following information:

(i) An itemized estimate of the Association's revenue and expenses, determined on an accrual basis;

(ii) The amount of the total cash reserves of the Association which are then currently available for the major repair or replacement of Common Property Improvements and for other contingencies;

(iii) An itemized estimate of the current replacement costs of the remaining useful life of the Common Property Improvements, together with an explanation of the methods of funding