

PROMENADE VILLAS

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

Recording Requested By And
When Recorded Mail To:

WTC Santa Fe Springs Investments, Ltd.
5325 East Pacific Coast Highway
Long Beach, California 90804

This is to certify that this is a full,
true and correct copy of the original
recorded in the office of the County
Recorder of Los Angeles County on

April 1, 1992
as Document No. 92-564875
CHICAGO TITLE

BY [Signature]
Title Officer

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made as of the 13th day of March, 1992,
by the WTC Santa Fe Springs Investments, Ltd., a California
limited partnership hereinafter referred to as the "Declarant"
herein.

RECITALS

A. Declarant is the owner of the real property referred to
in Article I hereof, hereinafter referred to as "Real Property".

B. Declarant intends to improve said Real Property by
constructing thereon single family residential dwellings as a
planned unit development and Declarant has established a general
plan, hereinafter set forth, for the subdivision, improvement,
and development of said Real Property and the lots therein and
desires to secure the harmonious and uniform improvement of said
Real Property and said lots in accordance with said plan.

C. The development shall be referred to as the "Project"
as defined in Article II, paragraph 2.15 hereof. The Project
will be developed in two increments pursuant to an "Automatic
Incremental Plan". The Real Property will be subdivided into 53
lots plus a common area more particularly described as Lot 54.
Lots 1-28 and the common area shall, for the purposes hereof, be
deemed within the "First Increment" of the Project. Lots 29
through 53 shall for purposes hereof, be deemed within the
"Second Increment" of the Project. Each of the Lots shall have
appurtenant to it membership in the Promenade Villas Recreation &
Management Association, a non-profit corporation, which shall own
fee title to Lot 54 containing the recreational and common areas.

NOW, THEREFORE, Declarant hereby declares that said Real

Property and each and every lot, parcel, unit, and common area thereof and therein, is and shall be owned, improved, occupied, conveyed, mortgaged, encumbered, leased, rented, used and developed subject to the following declarations, limitations, covenants, conditions and restrictions, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Real Property and the Project, and every part thereof, as a part of and pursuant to a common plan for the development of said Real Property. Said covenants, conditions and restrictions shall run with the land and shall bind and be a charge upon all of said Real Property and each lot and part thereof, and for the mutual benefit of all such lots, parcels and parts thereof, and shall bind and inure to the benefit of Declarant and the City of Santa Fe Springs and the successor owner or owners of any lot or parcel of said property, and their respective heirs, personal representatives, successors and assigns and all parties having or acquiring any right, title or interest in or to any part of the Real Property or the Project.

ARTICLE I

PROPERTY SUBJECT TO THIS DECLARATION

1. The Real Property subject hereto is situated in Los Angeles County, California, and is more particularly described in Exhibit "A" which is attached hereto and made a part hereof by reference.

ARTICLE II

DEFINITIONS

2. Wherever used in this Declaration, the following terms shall have the following meanings:

2.1 "Articles" shall mean and refer to the Articles of Incorporation as amended from time to time.

2.2 "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating, and managing the Real Property which is to be paid by each lot owner as determined by the Association.

2.3 "Association" shall mean and refer to Promenade Villas Recreation & Management Association, a non-profit corporation, which shall own the recreational and other common areas, the members of which shall be the owners of lots in the Project.

2.4 "Architectural Committee" shall mean the Architectural

Committee provided for in Article X hereof.

2.5 "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

2.6 "ByLaws" shall mean and refer to the ByLaws of the Association as amended from time to time.

2.7 "City" shall mean and refer to the City of Santa Fe Springs and its successor-in-interest.

2.8 "Common Area" shall mean and refer to those portions of the common area and recreational common area (excepting the individual lots) title to which shall be held by the Association and those portions of the Real Property over which the Association shall have easements, and excepting the individual lots to which title is held by the individual lot owner and in which said lot owner has the exclusive right of possession. Title to said easements shall be transferred to the Association prior to the sale of the first lot. No escrow will close for the sale of a lot until conveyance of the Common Area to the Association free of all liens and encumbrances and a policy of title insurance can be issued showing title free and clear of all liens and/or encumbrances, together with an endorsement against future liens if the statutory periods for the filing and prosecution of mechanic's liens have not expired.

2.9 "Common Expenses" means and includes the actual and estimated expenses of operating the Real Property and any reasonable reserve for such purposes as found and determined by the Board and all sums designated common expenses by and pursuant to this Declaration, as it may be amended from time to time, the exhibits, if any, attached thereto, the Articles and ByLaws of the Association, and the rules and regulations for the members as established from time to time.

2.10 "Declarant" shall mean and refer to to the WTC Santa Fe Springs Investments, Ltd. and its respective successors or assigns who acquire more than one undeveloped lot or parcel within the Real Property for purposes of development, including any assignee of any of Declarant's rights or powers hereunder, as provided for in Article VI hereof.

2.11 "Declaration" shall mean and refer to this enabling Declaration.

2.12 "Lot" shall mean and refer to one of the subdivided parcels within the Real Property designated on the final map referred to in the Exhibits attached hereto.

2.13 "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

2.14 "Owner" or "Owners" shall mean and refer to the record owner or holders of title, if more than one, of a lot in the Project. This shall include any person having a fee simple title to any lot and shall not include contract sellers, but shall exclude persons or entities having any interest merely as security for the performance of an obligation.

2.15 "Person" means a natural person, a corporation, a partnership, a trustee or other legal entity.

2.16 "Project" shall mean and refer to the entire Real Property above described including all structures and improvements erected or to be erected thereon.

2.17 "Property" or "Properties" means and includes the Real Property above described and all improvements erected thereon and all property, real, personal, or mixed intended for and used in connection with the Project.

2.18 "Structure" shall mean and refer to anything (other than landscaping, trees or shrubbery not planted in a hedge) the placement of which upon any lot might affect the appearance of such lot, including by way of illustration and not limitation, any buildings, garage, porch, shed, greenhouse, or lath house, coop or cage, patio, swimming pool, fence, wall, hedge, signboard, or any temporary or permanent living quarters, including any house trailer, camper, recreational vehicle, or the like. "Structure" shall also include any excavation or fill, the volume of which exceeds five (5) cubic yards, or any excavation, fill, ditch, diversion dam, or other thing or device which affects or alters the natural flow of surface waters upon or across any lot, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel upon or across any lot.

2.19 "Street" shall mean and refer to any street, highway, roadway, cul de sac, or other area shown on the final map referred to in the Exhibits hereto which is used or intended to be used for ingress and egress to any portion of the Project.

2.20 "Singular" and "plural" and "the Masculine", "Feminine" and "Neuter" genders, shall each include the other where the context requires.

ARTICLE III

**DESCRIPTION OF PROJECT, DIVISION OF PROPERTY,
CREATION OF PROPERTY RIGHTS AND ANNEXATION**

3.1 Description of Project. The Project consists of the underlying Real Property with the improvements to be constructed thereon, and common areas contained on separately designated and described lots.

3.2 No Separate Conveyance of Undivided Interests. The foregoing interests are hereby established and are to be conveyed with the respective lots as indicated above, and cannot be changed, except as herein set forth. Declarant, its successors, assigns and grantees covenant and agree that the interests in the common areas and the fee title to the respective lots conveyed, shall not be separated or separately conveyed and each such interest shall be deemed to be conveyed or encumbered with its respective lot even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the lot.

3.3 Partition Prohibited. The common areas shall remain undivided as set forth above. Except as provided by law, judicial partition by sale of a single lot owned by two or more persons and division of the sale proceeds is not prohibited, but partition of title to a single lot is prohibited.

3.4 Automatic Increment Plan. Declarant has caused to be recorded a subdivision tract map as described in Article I hereof. Declarant hereby establishes an "Automatic Incremental Plan" for development of the lots within the Project in two increments as described in Section C above and as provided as follows:

(a) The regular assessments provided for herein shall commence as to all lots in the First Increment on the first day of the month following the first conveyance of a lot to the Owner in the First Increment under authority of a public report. In subsequent increments, the assessments against all lots in each increment shall commence on the first day of the month following the closing of the first such sale. The first assessment for each additional increment shall be adjusted according to the number of months remaining in the calendar year.

(b) Until escrow has been closed for the sale of a lot within an increment, Declarant shall be responsible to maintain the common area located within such increment and pay for the same. At such time as an escrow has been closed for the sale of a lot within the increment, the Association shall be responsible to maintain such portion of the common

area as is located within such increment, and to pay for the cost of the same.

(c) The owners of lots in the First Increment will have a non-exclusive easement for ingress and egress over the common area of the Second Increment; and owners of lots in the Second Increment shall have a non-exclusive easement for ingress and egress over the common area of the First Increment. Every owner of a lot shall have a non-exclusive right to use and a non-exclusive easement of use, enjoyment, ingress, egress and support in, to and throughout the Common Area and any improvements or facilities on these areas.

(d) Assessments collected from Owners in the Project may be expended by the Association without regard to the particular increment from which such assessments were levied. All owners shall have non-exclusive easements for ingress and egress to all portions throughout the Project, subject to the provisions of this Declaration, the ByLaws of the Association and to the rules and regulations of the Association in effect, from time to time.

(e) Future improvements to the Project will be consistent with initial improvements in terms of quality of construction.

(f) Declarant contemplates that there will be comparable developments in the First and Second Increments. On recordation of a Tract Map, and this Declaration, the lots contained in the increments of the Project shall be made subject to the terms of this Declaration and thereby become subject to the jurisdiction of the Association and Declarant hereby reserves to itself, its successors and assigns, the right to and agrees that it will grant to lot owners in the increments, non-exclusive easements for ingress and egress and construction activities over the common area in each increment. Declarant further agrees that it will reserve to itself, its successors and assigns, the right to grant and covenant and agrees that it will grant to the Owners of lots, in each increment, a non-exclusive easement for ingress and egress over the common areas, if any, of each increment. Notwithstanding the foregoing, the reservation of such rights in Declarant for rights of ingress, egress and sales activities shall automatically expire three (3) years from the close of escrow of the sale of the first lot in the First Increment of the Project.

3.5 Annexation Pursuant to Approval. Upon approval in

writing of the Association, pursuant to a two-thirds majority of the voting power of its members, or the written assent of such members, excluding the voting powers or written assent of Declarant and the Department of Real Estate of the State of California, the owner of any property who desires to add it to the scheme of this Declaration and subject it to the jurisdiction of the Association, may file of record a Declaration of Annexation.

ARTICLE IV

ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

4.1 The management of the recreational and common areas shall be vested in the Association in accordance with its ByLaws. The owners of all of the lots covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles and ByLaws of the Association.

4.2 The owner of a lot shall automatically, upon becoming the owner of same, be a member of the Association, and shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be held in accordance with the Articles and ByLaws of the Association.

4.3 Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the lot to which it is appurtenant and then only to the purchaser, in the case of a sale, or mortgagee, in the case of an encumbrance of such lot. A mortgagee does not have membership rights until he becomes an owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer is null and void. In the event the owner of any lot should fail or refuse to transfer the membership registered in his name to the purchaser of his lot, the Association shall have the right to record the transfer upon its books and thereupon any old membership outstanding in the name of the seller shall be null and void.

4.4 The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners with the exception of Declarant. Each lot shall be entitled to one vote for each lot owned. When more than one person owns 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 for that particular lot.

Class B. Class B members shall be the Declarant and shall be entitled to vote as follows: Voting shall be the same as for Class A memberships, except that Class B members may triple their votes for each lot owned in any increment of the Project. Class B membership shall cease and be converted to Class A membership on the occurrence of one of the following events, whichever occurs first:

(a) On the second anniversary of the original issuance of the most recently issued Final Public Report for an increment of the Project; or

(b) On the fourth anniversary of the original issuance of the Final Public Report for the First Increment of the Project.

So long as two classes of voting memberships exist, any action by the Association that requires approval by the owners shall require the approval by the designated percentage of voting power in each class except with regard to the enforcement of bonded obligations where the Association is the obligee under a bond or other arrangement to secure performance of a commitment of the Declarant or its successors or assigns to complete common area improvements. After the conversion of Class B Membership to Class A Membership, any provision herein requiring the approval of Members other than Declarant, except as provided herein, shall mean the vote or written assent of a majority of the total voting power of the Association (including Declarant's vote(s)) and the vote or written assent of a majority of the total voting power of Members other than the Declarant.

Voting rights shall vest at the time assessments are levied against the Owner's lot.

4.5 Voting for members of the Board shall be by secret written ballot. Cumulative voting in the election of members of the Board shall be prescribed for all elections in which more than two positions on the Board are to be filled subject to the provision that no Association member shall be entitled to cumulate votes for a candidate or candidates for membership on the Board unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Association member has given notice at the meeting prior to the voting of the Association member's intention to cumulate votes. If any one Association member has given such notice, all Association members

may cumulate their votes for candidates in nomination.

4.6 Unless the entire Board is removed from office by the vote of the Association members, no individual Board member shall be removed prior to the expiration of his or her term of office if the votes cast against removal would be sufficient to elect the Board member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Board members authorized at the time of the most recent election of the Board member were then being elected.

4.7 At any election in which the members other than the Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one director through the accumulating of all of their votes, the person nominated for the Board who receives the highest number of votes cast by members other than the Declarant shall be elected to the Board and the remaining directors shall be elected in accordance with normal voting procedures.

4.8 A director who has been elected to office solely by the votes of members of the Association other than the Declarant may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in members other than the Declarant.

4.9 Any action by the Association which must have the approval of the members before being undertaken except action with respect to enforcement of the obligations of Declarant, shall require the vote or written assent of a majority of each class of membership during the time that there are two outstanding classes of membership.

ARTICLE V

ASSESSMENTS

5.1 The Declarant, for each lot owned within the Project, hereby covenants and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual assessments or charges, and (2) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the lot and shall be a continuing lien upon the lot against which each such assessment is made, the lien to become effective upon recordation of a notice of assessment. Each such assessment, together with

interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such lot at the time when the assessment fell due. No owner of a lot may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the recreational or common areas or by the abandonment of his lot.

5.2 The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of all of the residents of the entire Project and for the improvement and maintenance of the common areas for the common good of the Project.

5.3 The Project is divided into two increments as provided in Article III. Until a conveyance of the first lot in Increment Two, the maximum annual assessment on all lots in Increment One shall be as set forth in the exhibits attached hereto and incorporated herein by reference. The maximum annual assessments for each increment set forth in this Section shall apply until January 1 of the year immediately following the year in which conveyance of the first lot to an owner occurs in each of the respective increments.

(a) From and after January 1, of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased each year by not more than twenty percent (20%) above the maximum assessment for the previous year without a vote of the membership.

(b) The Board may not, without the vote or written consent of the members of the Association, constituting a quorum, casting a majority vote, impose a regular annual assessment which is more than twenty percent (20%) greater than the regular annual assessment for the immediately preceding fiscal year.

(c) The Board of Directors may fix the annual assessment in an amount not in excess of the maximum. The annual assessment may not be decreased either by the Board or by the members by more than ten percent (10%) in any one year without approval of two-thirds of the members.

(d) Subject to the limitations on the maximum and minimum amounts of assessments herein provided, if at any time during the course of any year the Board shall deem the amount of the annual assessment to be inadequate or excessive, the Board shall have the power, at a regular or special meeting, to revise the assessment for the balance of the assessment year, effective on the first day of the month next following the date of the revision.

(e) During the time the Project is subject to an outstanding public report, the Declarant shall notify the Department of Real Estate of any increase of ten percent (10%) or more over the amount of the regular assessment reflected in the current public report for the Project.

(f) Notwithstanding the provisions of this Section 5.3 and any other sections of this Article V, Declarant and any other owner shall not be obligated to pay any portion of a regular or special assessment that is for the purpose of defraying expenses and establishing reserves directly attributable to the existence and use of any lot that does not include a structural improvement for human occupancy until a Notice of Completion of a structural improvement on that lot has been recorded in the County Recorder's office or occupancy or use of the lot, as a single family residential dwelling has commenced. This assessment exemption includes, but is not limited to, assessments levied for exterior maintenance, walkway and carport lighting, refuse disposal, cable television, and domestic water supply to living units. The Declarant and any other owner of a lot are exempt from the payment of that portion of any assessment that is for the purpose of defraying expenses and reserves directly attributable to the existence and use of a common facility that is not complete at the time that assessments commence. This exemption from the payment of assessments shall be in effect until the earliest of the following events:

(i) A Notice of Completion of the common facility has been recorded; or

(ii) The common facility has been placed into use.

5.4 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 recreational and common areas, including fixtures and personal property related thereto, or for extraordinary expenses incurred by the Association, provided that in the event special assessments exceed in the aggregate five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the vote or written consent of members of the Association constituting a quorum, casting a majority vote. The above provisions with respect to special assessments do not apply in the case where the special assessment against a member is a remedy utilized by the Board of Directors to reimburse the Association

for costs incurred in bringing the member and his subdivision interest into compliance with provisions of the governing instruments for the subdivision. Except as provided herein, every general or special assessment shall be levied upon the same basis as that prescribed for the levying or regular assessments.

(a) As part of the regular annual assessments for maintenance authorized above, the Board of Directors shall annually fix the amount to be contributed pro rata by each member to reserve funds for the purpose of defraying in whole or in part, the cost or estimated cost of any reconstruction, repair or replacement of improvements, including fixtures and personal property related thereto. Such determination shall be made after consideration of the need for additional funds and of the Association's capital position. The Board shall maintain a separate trust account for those funds. The Board shall fix the method of payment of such assessments and shall be empowered to permit either lump sum or monthly payments. Separate records shall be maintained for all funds deposited to the Reserve Trust Account.

(b) Amounts received by the Association as contributions, assessments or dues from the owners shall be held in one or more trust accounts. Deposits shall be made, and funds accounted for so that reserves for capital improvements and for replacement, can be clearly separated from funds for operating expenses or repair and maintenance funds. Capital improvement and replacement funds shall be used solely for capital improvements and replacements of the common area within the Project.

5.5 Any action authorized under Article V, paragraphs 5.3 and 5.4 shall be taken at a meeting called for that purpose, written notice of which shall be personally delivered or sent by certified mail to all members not less than thirty (30) nor more than sixty (60) days in advance of the meeting. The action of the Board shall be approved by the vote or written assent of members casting a majority of the votes at such meeting at which a majority is present. For purposes of this Section 5.5, a "quorum" means more than fifty percent (50%) of the members of the Association. Any meeting of the Association for purposes of complying with this Section 5.5 shall be conducted in accordance with Sections 7510, et seq, and 7613 of the Corporations Code.

5.6 All assessments, both annual and special, shall be charged to and divided among the lot owners according to the ratio of the number of subdivision interests (lots) owned by the Owner assessed to the total number of interests (lots) subject to assessments. Assessments may be collected on a monthly basis.

5.7 The regular assessments provided for herein shall commence as to all lots covered by this Declaration in the First Increment on the first day of the month following the closing of the first sale on the conveyance of the first lot to the owner in the First Increment. In the Second Increment the assessments against all lots in such increment shall commence on the first day of the month following the close of the sale of a lot within each such increment. The first assessment for each such increment shall be adjusted according to the number of months remaining in the calendar year. Subject to the provisions of Article V, paragraph 5.3 hereof, the Board of Directors shall determine and fix the amount of the annual assessment against each lot and send written notice thereof to every owner at least thirty (30) days in advance of each annual assessment. The due dates shall be established by the Board of Directors. The Association shall, upon written 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 a certificate shall be conclusive evidence of such payment.

5.8 Any assessment not paid within thirty (30) days after the due date shall be delinquent, shall be subject to a late charge of ten percent (10%) of the unpaid amount, and shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid.

(a) Sale or transfer of any lot shall not affect the assessment lien. A lien for regular or special assessments against an owner shall be subordinate to the lien of any first mortgage or first deed of trust (hereafter collectively first encumbrance) against the subdivision interests of the owner. In the case of a subordination of a lien for assessments to a first encumbrance, the transfer of a subdivision interest as the result of the exercise of a power of sale or judicial foreclosure involving a default under the first encumbrance shall extinguish the lien of assessments which were due and payable prior to the transfer of the subdivision interests. No transfer of the subdivision interest as the result of a foreclosure or exercise of a power of sale shall relieve the new owner, whether it be the former beneficiary of the first encumbrance or another person, from liability for any assessments thereafter becoming due or from the lien thereof.

(b) In the voluntary conveyance of a lot or any interest therein, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid

assessments by the Association against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Association, setting forth the amount of the unpaid assessments against the grantor due the Association and such grantee shall not be liable for, nor shall the lot conveyed be subject to a lien for, any unpaid assessments made by the Association against the grantor in excess of the amount set forth in the statement, provided, however, the grantee shall be liable for any such assessment becoming due after the date of any such statement.

5.9 When a notice of assessment has been recorded, such assessment shall constitute a lien on each respective lot prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first mortgage of record (meaning any recorded mortgage or deed of trust with first priority over all other mortgages or deeds of trust) made in good faith and for value.

(a) Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the owner to pay such assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of Sections 2924-2924(h) of the California Civil Code, as may be amended from time to time applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

(b) The Association, acting on behalf of the lot owners, shall have the power to bid for the lot at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid common expenses, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. During the period a lot is owned by the Association, following foreclosure:

(i) No right to vote shall be exercised on behalf of the lot;

(ii) No assessments shall be assessed or levied on the lot; and

(iii) Each other lot shall be charged, in addition to its usual assessment, its prorata share of the assessments that would have been charged to such lot had it not been acquired by the Association as a result of foreclosure.

(c) After acquiring title to the lot at foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the lot which deed shall be binding upon the owners, successors and all other parties.

(d) The Board may temporarily suspend the voting rights and right to use recreational facilities of a member who is in default in payment of any assessment, after notice and hearing as provided in the ByLaws; provided, however, the Board shall have no power to cause a forfeiture or abridgment of an owner's right to the full use and enjoyment of his individually owned lot.

5.10 In the event that any taxes are assessed against the common area, or the personal property of the Association, rather than against the lots, said taxes shall be included in the assessments made under the provisions of Article V, paragraph 5.1, and, if necessary, a special assessment may be levied against the lots in an amount equal to said taxes, to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

5.11 All property dedicated to and accepted by, a public authority or public agency, and all property 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. However, no land or improvements devoted to dwelling use shall be exempt from said assessments. Those lots having no structural improvements for human occupancy, shall be exempt from the payment of that portion of any assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of the structural improvement. The exemption may include, but shall not necessarily be limited to roof replacement, exterior maintenance, walkway lighting, refuse disposal, cable television, domestic water supplied to living lots, common area lighting, parking, and/or maintenance of private streets within the common area. Any such exemptions from the payment of assessments shall be in effect only until a Notice of Completion of the structural improvement has been recorded or until one hundred twenty (120) days after the issuance of a building permit for the structural improvement, whichever occurs first.

ARTICLE VI

DUTIES AND POWERS OF THE ASSOCIATION

6.1 In addition to the duties enumerated in its ByLaws, or elsewhere provided for in this Declaration, and without limiting the generality thereof, the Association shall perform the following duties:

(a) The Association shall maintain, repair, replace, restore, operate and manage all of the common area and all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association and all roof, gutter, downspout and exterior building surfaces of all improvements located on each lot. Maintenance shall include, without limitation: painting, maintaining, repairing and replacing of all common areas, landscaping, parking areas, and recreational facilities. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an owner or his guest, tenants or invitees, the cost of which is not covered by insurance. The cost of repair or replacement resulting from such excluded items shall be the responsibility of each owner; provided, however, that if an owner shall fail to make the repairs or replacements which are the responsibility of such owner, as provided above, then, upon the vote of a majority of the Board of Directors, and after not less than thirty (30) days notice to the owner, the Association shall have the right (but not the obligation) to enter upon the lot and any structure thereon make such repairs or replacements, and the cost thereof shall be added to the assessments chargeable to such lot and shall be payable to the Association by the owner of such lot.

(b) The Association shall maintain such policy or policies of insurance as are required by Article XIII, Section 13.9 of this Declaration.

(c) The Association shall discharge, by payment, if necessary, any lien against the common area, and assess the cost thereof to the member or members responsible for the existence of said lien.

(d) The Association shall fix, levy, collect and enforce assessments as set forth in Article V hereof.

(e) The Association shall pay all expenses and

obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(f) The Association shall enforce this Declaration.

6.2 In addition to the powers enumerated in its Articles of Incorporation and ByLaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the following powers:

(a) The Association shall have the authority to obtain, for the benefit of all of the lots, where such utilities may not be separately metered to individual lots, all water, gas and electric service and where not provided by any local public agency, refuse collection.

(b) The Association shall have authority to grant easements where necessary for utilities and sewer facilities over the common area to serve the common areas and lots.

(c) The Association shall have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, except the power to conduct hearings or levy fines, provided that any contract with a firm or person appointed as a manager or managing agent shall not exceed a one (1) year term, shall provide for the right of the Association to terminate same at the first annual meeting of the members of the Association, and to terminate the same for cause on thirty (30) days' written notice, or without cause on payment of a termination fee on ninety (90) days' written notice.

(d) The Association may adopt reasonable rules not inconsistent with this Declaration relating to the use of the common area, recreational common area, and all facilities thereon, and the conduct of owners and their tenants and guests with respect to the property and other owners.

(e) For the purpose of performing the maintenance authorized herein, or for any other purpose reasonably related to the performance by the Association or the Board of Directors of their respective responsibilities, including construction or emergency repairs, the Association's agents or employees or subcontractors shall have the right, after reasonable notice to the owner thereof, to enter any lot or to enter any portion of the common area at reasonable hours. Such entries shall be made with as little inconvenience to

the owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association.

(f) The Association shall have the power to levy and collect assessments in accordance with the provisions of Article V hereof. The Association may impose fines or take disciplinary action against any owner for failure to pay assessments or for violation of any provision of this Declaration, or the Articles or ByLaws of this Association. Penalties may include, but are not limited to: fines, temporary suspension of voting rights, rights to the use of recreational facilities, or other appropriate discipline, provided that the accused member is given notice and the opportunity to be heard with respect to the alleged violations before a decision to impose discipline is made. Any transfer of property shall be by document signed or approved by two-thirds (2/3) of the total voting power of the Association which shall include two-thirds (2/3) of the members other than Declarant, or where the two class voting structure is still in effect, shall include two-thirds (2/3) of the voting power of each class of members.

(g) The Association shall have the authority to enforce this Declaration pursuant to Article XII hereof.

(h) The Association shall have the power to acquire by gift, purchase, or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

(i) The Association shall have the power to borrow money, and only with the assent (by vote or written consent) of three-fourths (3/4) of each class of members, to mortgage, pledge, deed in trust, or hypothecate, any or all of its real or personal property as security for the money borrowed or debts incurred.

(j) The Association shall have the power to dedicate, sell 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 has been signed by two-thirds (2/3) of the total voting power of the Association which shall include two-thirds (2/3) of the members other than Declarant, or where the two class voting structure is still in effect, shall include two-thirds (2/3) of the voting

power of each class of members.

(k) The Association shall have the power to contract for goods or services for the common areas, facilities and interests or for the Association, subject to limitations elsewhere set forth in this Declaration, or the Association Articles or ByLaws.

(l) The Association shall have the power to delegate its authority and power to committees, officers or employees of the Association.

(m) The Association shall have the power to limit the number of an owner's guests who may use the recreational facilities.

ARTICLE VII

UTILITIES AND PUBLIC SERVICES

7.1 Easements over and under the property for the installation, repair and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, cable or master television antenna lines, drainage facilities, walkways, block walls, fences, and landscaping as shown on the recorded map of the property, and as may be hereafter required or needed to service or benefit the property, are hereby reserved by Declarant and its successors and assigns, including the Association together with the right to grant and transfer the same.

7.2 The Association shall maintain all utility installations located in the common area except for those installations maintained by utility companies, public, private, or municipal. The Association shall pay all charges for utilities applied to the Project except those metered or charged separately to the lots.

7.3 Licenses and rights of access on and over all streets and rights of way as shown on the recorded map of the property are hereby reserved by the Declarant and its successors and assigns, including the Association, for the benefit and use by the City, its fire and police departments, trash collection service and all other public safety and health departments. The City shall have the right (but not the obligation) of access over all streets and rights of way.

ARTICLE VIII
USE RESTRICTIONS

8.1 No lot other than those lots specifically set aside for recreational purposes or as common area, shall be used for any purpose other than residence purposes, nor shall any lot be used for residence purposes by more than one family at any one time.

8.2 No lot shall be used for the conduct of any trade, business, professional or commercial activity of any kind or nature whatsoever, except that Declarant, its successors or assigns may use any lot in the Project owned by Declarant for a model home site or sites and display and sales office during construction and until the last lot is sold. No tent, shack, trailer, garage, outbuilding or structure of a temporary nature shall be used at any time as a residence, either temporarily or permanently. Declarant's rights shall terminate when all of the lots have been sold but not later than three (3) years after the sale of the first lot in the First Increment.

8.3 No trailer, camper, mobile home, commercial vehicle, truck (other than a standard size pickup truck), inoperable motor vehicle, recreational vehicle, boat or similar equipment shall be permitted to remain upon any area within the property, other than temporarily, unless placed or maintained within an enclosed garage or carport or on or within a parking area expressly provided for the same. Commercial vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smokey vehicles shall be operated on the property. No off road unlicensed motor vehicles shall be operated upon the property.

8.4 No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon the surface of any lot, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any lot or within five hundred (500) feet below the surface thereof.

8.5 No livestock, poultry, bees or other animals except domestic dogs and cats shall be kept on any lot, and no stable, hutch, barn or coop shall be placed or maintained upon any lot. Domestic dogs and cats shall not be kept, bred, or raised for commercial purposes on any lot. Notwithstanding the foregoing, no dogs and cats may be kept on any lot which result in any annoyance to residents within said property as determined by the Board of Directors of the Association.

8.6 No sign or other advertising device of any nature whatsoever shall be placed or maintained upon any lot or upon any other portion of said property except one neatly painted "for sale" or "for rent" sign of customary and reasonable dimensions for each lot offering such lot for sale or for rent by the owner thereof or his agent. The Board may enact rules and regulations reasonably regulating the type, number and size of signs placed or to be placed upon any lot as provided herein.

8.7 No lumber, metals or bulk materials shall be kept, stored or allowed to accumulate on any lot; provided, however, lumber and other building materials may be kept thereon during the course of construction of a structure which has been approved as hereafter provided by the Board of Directors for immediate use in such work of construction.

8.8 No storage tank for the storage of gas or liquid shall be installed on any lot.

8.9 No water pipe, gas pipe, sewer pipe or drainage pipe shall be installed or maintained on any lot above the surface of the ground or otherwise then buried at least three (3) inches beneath the ground surface, except hoses and moveable pipes used for irrigation purposes.

8.10 No utility pole shall be created on any lot if underground service of such utility is available at the property line of such lot.

8.11 So long as cable television is available to a lot, no external television antennae shall be installed thereon. If and when cable television is no longer available to a lot, then external television antenna may be installed thereon subject, however, to prior approval as hereafter provided by the Board of Directors as to the type of antennae and the location and manner of installation thereof. In addition, no external radio antennae or other external apparatus shall be installed on any lot without the prior approval as hereinafter provided of the Board of Directors. Nothing herein shall prevent the maintenance and use of television or radio antennae within completely enclosed portions of structures.

8.12 No noxious or offensive activities shall be carried on or upon any lot, nor shall anything be done thereon which may be or become a nuisance.

8.13 Each owner of a lot shall keep and maintain the planting and landscaping of such lot in an attractive, clean, sightly and wholesome appearance at all times and shall further

keep and maintain same and plant and replant same in such fashion as to prevent erosion or the possible occurrence of erosion thereto. As to any lot acquired by any owner thereof which is not fully landscaped at the time of acquisition, the owner thereof shall, within six (6) months after acquisition, cause his lot to be landscaped in an attractive, clean, sightly and wholesome appearance at all times.

8.14 No weeds, rubbish, debris, objects or materials of any kind shall be placed or permitted to accumulate on any lot within said property which renders such lot unsanitary, unsightly, offensive, or detrimental, to any other lot in the vicinity thereof. Trash, garbage, rubbish and other waste shall only be kept in sanitary container. All service yards or service areas, clothes line areas, sanitary containers and storage piles on any lot shall be enclosed or fenced in such manner that such yards, areas, containers and piles will not be visible from any streets, roadways and adjoining lots. Notwithstanding such sanitary containers may be set out for a reasonable period of time before and after scheduled trash pickup time.

8.15 No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown or maintained upon any lot.

8.16 Each owner of a lot agrees for himself, his heirs, personal representatives, successors in interest and assigns, that he will permit free access by owners (or their representatives) of adjoining lots to slopes and drainage ways located upon his lot which affects said adjoining lot when such access is essential for the maintenance or stabilization of slopes or drainage, or both, upon adjoining lots.

8.17 None of the lots within said property shall be divided by subdivision map or parcel map, or otherwise, without the prior approval of the Board of Directors.

8.18 Garages and carports shall only be used for the purpose of parking motorized vehicles (including motorcycles), and boat trailers, and, in addition, in the case of garages, for storage purposes. Except that such storage shall not impair or interfere with the use of such garage or carport in the parking thereof of at least two automobiles. Each garage shall be kept clean and neat by the owner of the lot on which the same is located. There shall be no use made of any such garage which creates an unsightly appearance or which may cause damage to any structure. Doors to garages shall be kept closed at all times except for normal exit and entrance and except for cleaning and maintenance of such garage.

8.19 No vehicles or any obstruction shall be permitted to remain upon or parked at any time on any portion of the streets or rights of way as shown on the recorded map of the property except in the parking areas expressly provided therefor.

8.20 No structure, planting, or other material, alteration or improvement of any kind or nature whatsoever shall be placed on or permitted to remain or other activities undertaken on any lots which might damage or interfere with established slope areas within any lot, create erosion of or sliding problems, or interfere with established drainage functions, facilities or patterns so as to adversely affect the drainage from one lot to adjoining lots.

8.21 No owner shall allow a structure, tree or shrub to be placed or grown on any lot so as to cast a shadow greater than ten percent (10%) of the collector absorption area upon that solar collector located on any adjacent properties, between the hours of 10:00 a.m. and 2:00 p.m. This provision shall not apply to specific structures, trees and shrubs which exist at the time of the installation of a solar collector or which, during the remainder of that annual solar cycle, cast a shadow upon that solar collector.

8.22 All fire lanes and access drives provided within the Project as required by the City of Santa Fe Springs Fire Department shall remain free and clear of all obstructions and shall be available for use at all times. Use of said fire lanes and access drives shall be limited to use for emergency vehicle access including fire trucks, fire fighting preparedness activities and fire fighting, both with respect to the Project and adjoining residential developed property. The City shall not be liable for any damages to persons or property resulting from the use of said fire lanes and access drives for the purposes stated herein.

ARTICLE IX

DESIGN AND CONSTRUCTION OF BUILDINGS AND IMPROVEMENTS

9.1 No structure may be erected or maintained on any lot except one single family dwelling house designed of for occupancy by not more than one family, and such other structures as may be appropriate to the improvement and landscaping of said lot for the purpose of its occupation as a residence by a single family. Each structure shall conform in appearance with said dwelling house, and no outbuilding or other structure may be erected without the prior approval as hereinafter provided of the Architectural Committee.

9.2 No structure shall be erected, placed, moved onto, or permitted to remain upon any lot, nor shall any existing structure upon any lot be altered in any way which materially changes the exterior appearance thereof, unless complete plans therefor, including the exterior color scheme and a plot plan of the location thereof with reference to said lot and with reference to structures upon adjoining lots, and a grading plan for such lot, shall have been submitted to and approved in writing by the Architectural Committee. Approval of said plans and specifications may be withheld because of failure to comply with any of these provisions or because said plans fail to include such information as may be reasonably requested by the Architectural Committee, or because of reasonable objection to the design and appearance of the proposed structure, or its failure to conform with existing structures upon other lots, or because the lot, grading plan, color scheme, finish, design, proportions, style of architecture, height or appropriateness of the proposed structure is disapproved; or because of any other matter which, in the judgment of the Architectural Committee, would render the proposed structure inharmonious with the general plan of improvement of said property or with other structures located on lots in the vicinity of the lot on which said building or structure is proposed to be placed or maintained. Upon approval by the Architectural Committee of plans for construction or alteration of any structure, a copy of such plans so approved shall be deposited for permanent record with the Architectural Committee and a copy of such plan bearing the written approval of the Architectural Committee shall, upon request, be returned to the owner of the lot upon which such structure is or will be placed.

9.3 Except as provided in paragraph 6.1(a), failure by any owner to keep and maintain his lot, including the structures and landscaping thereof, at his sole cost and expense, in full compliance with all requirements of this Declaration and in full compliance with all requirements of any rules promulgated by the Architectural Committee from time to time pursuant to paragraph 9.4 next, shall entitle Declarant and the Architectural Committee, and their respective agent, to enter such lot without being guilty of trespass to cause such maintenance and other things to be done thereon so as to bring said lot in full compliance therewith and to sue such owner and for the full cost thereof, together with costs and reasonable fees of counsel incurred; and, in this regard, any individual member of the Architectural Committee shall have the right in his own name to sue such owner for and on behalf of the Architectural Committee.

9.4 The Architectural Committee may promulgate rules governing the form and content of plans to be submitted for its approval and governing the standards of required maintenance of

lots, including the structures and landscaping thereof. Further, the Architectural Committee may issue statements of its policy with respect to the foregoing or with respect to other matters with which it may be concerned. Such rules and such statements of policy may be amended or revoked by the Architectural Committee at any time, and no inclusion in, omission from, or amendment of any such rule or statement shall be deemed to bind the Architectural committee as to its actions, including approval or disapproval of any feature or matter with which it may be concerned, or waive the exercise of the Architectural Committee's discretion as to any such matter. Approval for use on any lot of any plan or specifications shall not be deemed a waiver of the Architectural Committee's right, in its discretion, to disapprove such plans or specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for approval for use on any other lot or lots.

9.5 No building, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, or other similar improvement or structure of any kind including the original structure, building or residence erected on any lot shall be commenced, erected, painted, maintained, altered, remodeled, or repainted so as to affect the exterior or portions visible to the public view thereof until the same has been approved in writing by the Architectural Committee. Plans and specifications or a detailed description thereof setting forth the nature of the materials or color scheme to be used shall be submitted to the Architectural committee for approval as to quality of workmanship and design and harmony of external design with existing structures. No permission or approval shall be required to repaint in accordance with Declarant's original plans and specifications. No permission or approval shall be required to repaint in accordance with a color scheme previously approved by the Architectural Committee.

9.6 No landscaping or patios or yards visible from the street or from the common area not involving the use of natural plants, grass, trees, or shrubs, and which does not involve the use of synthetic materials, or of concrete, rock or similar materials, shall be undertaken by any owner until plans and specifications showing the nature, kind, shape and location of the materials shall have been submitted to and approved in writing by the Architectural Committee.

9.7 If any structure, improvement, exterior coating, or any alteration of any kind, effecting the exterior appearance of any lot, including, but not limited to, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, or landscaping shall be erected, altered, placed

or maintained upon any lot otherwise than in accordance with this Article, such alteration, erection, and maintenance shall be deemed to have been undertaken in violation of this Article and without the approval required herein. Any approved work of construction or alteration shall be diligently and continuously performed without interruption to completion in accordance with the plans so approved and completed within a reasonable time taking into account the nature of the work involved and, in any event, regardless of the nature of such work, within twelve (12) months after the date of such approval. Failure to so complete such work shall cause such approval to be automatically withdrawn, unless the Architectural Committee extends such approval for a period of not to exceed six (6) additional months. After such automatic withdrawal of approval, the structure being constructed or altered shall not then or thereafter be occupied or permitted to remain on any lot for a period longer than three (3) months; provided, however, that any prevention, delay or stoppage in the alteration, erection or maintenance undertaken pursuant to this Article, due to acts of God, war, inability to obtain labor or materials or reasonable substitutes therefor, or governmental regulations or controls shall extend the provisions of this Section 9.7 with respect to time for a period equal to any such delay, prevention or stoppage, not to exceed a period of twelve (12) months.

9.8 Upon completion of the construction or alteration of any structure in accordance with plans approved by the Architectural Committee, it shall, upon written request of the owner thereof, issue a certificate of compliance signed by two of the members of the Architectural Committee identifying such structure, alteration, etc., and the lot on which such structure, alteration, etc., is placed and stating that the plans and locations of such structure, alteration, etc., have been approved and that such structure, alteration, etc., complies with this Declaration. Delivery of such certificate to such owner shall be at the expense of such owner. When a certificate of compliance is issued and delivered in accordance with the provisions of this Section 9.8, any person who may have an interest in said real property or any lot therein shall be precluded from raising any question or asserting any irregularity of whatsoever kind or nature, as to the Architectural Committee, any purchaser or encumbrancer in good faith and for value, or any title insurer, concerning the compliance of any structure on the lot therein described with all of the requirements of this Article and all other requirements of this Declaration as to which the Architectural Committee exercises any discretionary or interpretive powers, or concerning the right of the persons purporting to sign such certificate and deliver the same on behalf of the Architectural Committee.

9.9 Each lot that shares a Common Wall, Common Roof, or Party Wall with an adjoining lot and its Owner is declared to have an easement appurtenant and the same is granted by Declarant, on, over, and upon such adjoining Lot for such Common Wall, Common Roof, or Party Wall, including the right to enter upon such adjoining Lot to service and maintain such easement and to service, maintain, repair or replace the improvements constituting such Common Wall, Common Roof, or Party Wall. Such entry shall be at reasonable times after prior notice, except that in case of emergency, the right of entry shall be immediate. Except for any maintenance obligation or duty of the Association under paragraph 6.1(a), each lot and its Owner shall be responsible for the maintenance, repair, and reconstruction of that portion of the Common Wall, Common Roof, or Party Wall which is located upon his lot. No Owner shall alter the shape, size, or construction of any use or materials different from those used in the initial construction of any such Common Wall, Common Roof, or Party Wall without the prior written consent of the Association. "Common Wall," "Common Roof," and "Party Wall," respectively, mean those portions of the improvements located upon any of the lots that are immediately adjacent to or conjoined with any of the improvements on any adjacent lot, including exterior walls and roofs, or that are constructed on the property line of any two adjoining Lots, a portion of which is located on each of the two adjoining Lots.

ARTICLE X

ARCHITECTURAL COMMITTEE

10.1 The Architectural Committee shall consist of not less than three (3) nor more than five (5) members. The Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the original issuance of a public report for the Project. The Declarant reserves to itself the power to appoint a majority of the members to the Committee until ninety percent (90%) of all of the lots in the Project have been sold or until the fifth anniversary of the original issuance of the Final Public Report for the Project, whichever occurs first. After one (1) year from the date of the issuance of the original public report for the Project the Board of Directors of the Association shall have the power to appoint one member to the Architectural Committee until ninety percent of all of the lots in the Project have been sold or until the fifth anniversary date of the issuance of the Final Public Report for the Project, whichever first occurs. Thereafter, the Board shall have the power to appoint all of the members of the Architectural

Committee. Members appointed to the Architectural Committee by the Board shall be from the membership of the Association. Members appointed to the Architectural Committee by the Declarant need not be members of the Association. A majority of the Architectural Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the successor shall be appointed by the person, entity or group which appointed such member until Declarant no longer has the right to appoint any members to the Committee, and thereafter the remaining members of the Committee shall have full authority to designate such a successor. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto. At any time after the Declarant's right to appoint a majority of the members of the Committee is terminated, the then record owners of a majority of the lots shall have the power, through a duly recorded written instrument, to change the membership of the Committee or to change any of its powers or duties.

10.2 In the event the Committee fails to approve or disapprove plans and specifications within thirty (30) days after the same have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with.

10.3 All permits as required by the City or other governmental agencies must be secured prior to the start of any construction approved by the Architectural Committee.

ARTICLE XI

DECLARANT'S RIGHTS

11.1 Any provisions of this Declaration to the contrary notwithstanding, nothing herein shall be construed as preventing Declarant, its agents, representatives, designees, contractors or subcontractors from engaging in any of the following:

(a) The erection, construction and maintenance of structures, landscaping, planting and other improvements upon lots.

(b) All forms of activities relating to construction and installation of structures, landscaping, planting and other improvements, including but not limited to, use of temporary construction trailers, privies, and buildings.

(c) All forms of advertising activities, and all forms

of sales, marketing and rental activities relating to sales and rentals of lots and improvements, including but not limited to, use of signs, flags, poles, posters, sales offices in model homes. Declarant, in engaging in said activities, shall not interfere with the rights and privileges of other owners. Declarant's rights as provided herein shall terminate when ninety percent (90%) of the lots in the Project have been sold and not later than three (3) years after the sale of the first lot in the First Increment.

11.2 To the extent any provisions of this Article XI conflict with any other provisions of this Declaration, the conflicting provisions of this Article XI shall in all instances prevail and control.

ARTICLE XII

VIOLATION OF RESTRICTIONS AND ENFORCEMENT

12.1 Upon any violation or breach of any of these restrictions, the Association, its agents, or any designated member or representative of the Board may enter any lot upon or as to which such violation or breach exists, and may summarily cure, improve, rectify, abate and remove, at the expense of the owner of such lot, together with costs and reasonable fees of counsel, any thing or condition that may be or exists thereon contrary to the provisions hereof, and any person so entering upon a lot shall not thereby be deemed to have trespassed upon such lot and shall be subject to no liability to the owner or occupant of such lot for such entry, curing, improving, rectification, abatement or removal.

12.2 Violation of any of these restrictions may be enjoined, abated, restrained or otherwise remedied by appropriate legal or equitable proceedings. Proceedings to restrain violation of these restrictions may be brought at any time that such violation appears reasonably likely to occur in the future. In the event proceedings are brought by any party or parties to enforce or restrain violation of any of these restrictions, or to determine the rights or duties of any person hereunder, the prevailing party in such proceeding may recover all costs and a reasonable attorney's fee to be fixed by the court, in addition to court costs and any other relief awarded by the court.

12.3 The covenants, conditions, and restrictions contained in this Declaration shall bind and inure to the benefit of and shall be enforceable by Declarant and the owner or owners of any lot or parcel of said property and the respective heirs, personal

representatives, successors and assigns of each. The failure by Declarant, its agents, any member of the Board, any lot owner or any other person entitled to enforce any of these restrictions, to enforce the same shall in no event be deemed a waiver of the right of such person or of any other person entitled to enforce these restrictions to enforce the same thereafter.

12.4 Waiver or attempted waiver of any of these restrictions with respect to any lot shall not be deemed a waiver thereof as to any other lot, nor shall the violation of any of these restrictions in respect to any lot or lots affect the applicability or enforceability of these restrictions in respect to any other lot.

12.5 The City is hereby given supervisory jurisdiction over the enforcement of this Declaration. It is intended that the City shall be deemed an interest holder under this Declaration and hereby act as the Association or an owner with respect to these restrictions. In the event of any breach of any duty or interference with any of the rights or benefits herein established, the City may give written notice of such breach or interference to the Association, together with a demand upon the Association to remedy the breach or interference by enforcing the Declaration. If the Association refuses to do so, or fails to take appropriate action within thirty (30) days after the receipt of such notice, upon a resolution of the City Council of said City, the City shall have full power to enforce the Declaration, including without limitation the power to assess, to lien, to foreclose, and to exercise such right and powers and to commence such legal proceedings in accordance with the remedies set forth in this Article XII as to any matter or violation set forth in the notice given to the Association. Any funds collected by the City shall be applied, after deducting expenses of enforcement, to correct the breach or interference and any excess funds shall be paid to or applied for the benefit of the Association and its members.

12.6 The various rights, powers and remedies granted herein and enforceable by Declarant and the owner or owners of any lot or parcel of said real property and their respective heirs, representatives, successors and assigns, shall be construed as cumulative, and no one of them as exclusive of any of the others or of any right or priority allowed by law.

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Department of Real Estate. After sale of the first lot, this Declaration may be amended only by the affirmative vote (in person or by proxy) or written consent of members representing a majority of the total voting power of the Association which shall include a majority of the affirmative votes or written consent of members other than the Declarant, or where the two class voting structure is still in effect, the majority of each class of membership. However, the percentage of voting power necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Upon the adoption of such amendment, a Certificate of Amendment executed and acknowledged by the president or vice president and the secretary of the Association shall be recorded and shall become effective upon being recorded in the Recorder's Office of the County of San Bernardino. As so amended, this Declaration shall continue in force as provided above. No amendment shall adversely affect the rights of the holder or any mortgage of record prior to the recordation of such amendment. Notwithstanding the foregoing provisions, no change may be made in the use or quality of maintenance of the common areas without the affirmative vote or written consent of members representing 66 and two-thirds percent of the total voting power of the Association which shall include a majority of the affirmative votes or written consent of members other than the Declarant, or where the two class voting structure is still in effect, the majority of each class of membership. Moreover, notwithstanding the foregoing provisions, no change or amendment may be made in this Section 13.7 or Sections 8.5, 8.21, 8.22 or 8.23 of Article VIII, without the prior written consent of the City.

13.8 In the event of damage to or destruction of any dwelling or any portion thereof, on any lot, the owner shall reconstruct the same as soon as reasonably practicable, and substantially in accordance with the original plans and specifications therefor.

13.9 The Association shall obtain, and continue in effect, a master policy of insurance covering real property and improvements and personal property owned by the Association, including fire, extended coverage, vandalism and malicious mischief, and public liability insurance, a fidelity bond covering officers and employees, if economically available, glass coverage, and, if necessary, Worker's Compensation Coverage in form and amounts satisfactory to the Board, but without prejudice to the right of the owner of a lot to obtain individual insurance.

13.10 All property and liability insurance carried by the

ARTICLE XIII

GENERAL PROVISIONS

13.1 The Declarant's rights hereunder, together with any other rights or powers of Declarant with respect to said property arising out of or in connection with this Declaration, may be assigned by Declarant to any other person.

13.2 Any rights exercisable by the several owners of the lots to enforce these restrictions shall pass to the subsequent owners thereof, along with the conveyance of such lots.

13.3 Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this Project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

13.4 No violation of any of the provisions of this Declaration shall defeat or invalidate the lien of any mortgage or deed of trust made in good faith or for value upon any portion of said property; provided, however, that any purchaser at any trustee's, mortgagee's, or foreclosure sale or any person acquiring title as a result of a deed in lieu of foreclosure, shall be bound by and subject to all provisions hereof as fully as any other owner of any portion of said property.

13.5 Each grantee accepting a deed to a lot within said real property, each purchaser under a contract of sale, each renter of any lot, covenants for himself, his heirs, personal representatives, successors and assigns, to observe, perform, and be bound by all provisions of this Declaration.

13.6 The covenants and restrictions of this Declaration shall run with and bind the property, and shall inure to the benefit of and shall be enforceable by the Association or the owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for a successive period of ten (10) years, unless an instrument in writing signed by a majority of the then owners of the lots has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions in whole or in part, or to terminate the same.

13.7 Prior to close of escrow on the sale of the first lot, Declarant may amend this Declaration, with the consent of the

Association or the owner shall contain a cross-liability endorsement and waiver of subrogation as to the Association, officers and directors, and any members, their guests, agents and employees.

13.11 In the event Declarant shall convey all of its right, title and interest in and to the property to any person, Declarant shall be relieved of the performance of any further duty or obligation hereunder and such person shall be obligated to perform all such duties and obligations of Declarant.

13.12 Each owner, tenant or occupant of a lot shall comply with the provisions of this Declaration and to the extent they are not in conflict with the Declaration, the Articles, the By-laws, decisions and resolutions of the Association or its duly authorized representatives, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due, for damages, or for injunctive relief. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established by this Declaration or in the Articles or the ByLaws, shall be deemed to be binding on all owners, tenants or occupants, their successors and assigns.

13.13 Any notice permitted or required by the Declaration, Articles or ByLaws may be delivered either personally or by mail. Except as otherwise provided herein, if delivery is to be by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Board or addressed to the lot of such person if no address has been given to the secretary.

13.14 If any discrepancy, conflict, or ambiguity is found to exist concerning the provisions of this Declaration, the Articles or By-laws of the Association, such ambiguity, conflict, or discrepancy shall be resolved and determined by the Board in its sole discretion. Such determination shall be made for the purpose of securing the uniform and harmonious appearance of the property.

13.15 In construing this Declaration, the Articles or ByLaws, or any part thereof, stipulations which are or may be necessary to make this Declaration, the Articles or By-laws reasonable in any respect are to be implied.

13.16 Damages shall not be deemed adequate compensation for any breach or violation of any provisions hereof. Declarant and such persons as from time to time may be the owners of the lots

contemplate the specific enforcement of the provisions hereof as part of a general plan for the improvement and use of said property, and do not contemplate recovery of damages alone in lieu of such enforcement for any breach or violation of any of these provisions.

13.17 The headings of this Declaration are for convenience only and shall not affect the meaning or interpretation of the contents hereof.

13.18 No owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing or mortgaging or occupancy of his lot to any person of a specified, sex, race, color, religion, ancestry, or national origin.

13.19 In the event of an award for the taking of any lot in the Project by eminent domain, the owner of such lot shall be entitled to receive the award for such taking and after acceptance thereof, he and his mortgagee shall be divested of all interest in the Project if such owner shall vacate his lot as a result of such taking. In the event that any such taking is limited to or includes a portion of any common area owned by the Association, the Association shall be entitled to receive the award for such taking. In the event of the taking of any portion of the common area, the Board shall decide whether to rebuild, repair or take other action in the best interest of the owners. In making such decision, the Board shall be governed by the necessity to take such steps to place the remaining portions of the common areas owned by the Association, not taken by eminent domain, in such condition as existed prior to such taking. The award for such taking shall be used for such rebuilding or repairing of the common areas to that end. In the event that such common areas cannot be rebuilt or replaced, the Board may use such award as may be determined by majority vote of the owners then remaining in the Project, subject to the Articles and ByLaws of the Association. Institutional lenders shall be given timely written notice of such eminent domain.

13.20 Insurance premiums for the master policy, bonds, and compensation referred to in paragraph 12.24 hereof shall be a common expense to be included in the monthly assessments levied by the Association, and the portion of such payments necessary for the insurance premiums shall be held in a separate account of the Association and shall be used solely for the payment of the premiums as such premiums become due.

13.21 If any of the Project improvements owned by the Association are damaged by fire or other casualty, insurance proceeds payable to the Association shall be used to rebuild or repair such damage substantially in accordance with the original

plans and specifications therefor. Any excess insurance proceeds shall be deposited to the general funds of the Association. In the event the proceeds of the Association's insurance policy are insufficient to rebuild or repair said improvements, then the Association may use funds from its account or, if necessary, from levying a special assessment on all owners (or on those responsible) as provided in Article VI, paragraph 5.4 to restore or rebuild said improvements.

13.22 The Project having been approved by the City by the granting of a special development permit, Declarant agrees that any major or substantial change, modification, restoration, or reconstruction different from original construction shall require advance approval of the City.

13.23 In the event the property owned by the Association is totally or substantially damaged or destroyed, the repair, reconstruction or disposition of the property and insurance proceeds shall be as provided by the Board subject to the same provisions and limitations as are contained in paragraph 13.19 hereof.

13.24 The City shall have the right, but not the obligation, to enforce each and every provision contained in this Declaration to ensure that the Project is developed and the property, and common areas thereof, are used in accordance with the provisions hereof.

13.25 Where any phase of the project includes common area improvements which have not been completed prior to the close of escrow and the sale of the first lot in said phase and where the Association is obligee under a bond or other arrangement (hereafter "Bond") to secure performance of the commitment of Declarant to complete said improvements, the Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a notice of completion has not been filed within 60 days after the completion date specified for that improvement in the planned construction statement appended to the Bond. If the Association has given an extension in writing for the completion of any common area improvement, the Board shall consider and vote on the aforesaid question if a notice of completion has not been filed within 30 days after the expiration of the extension. A special meeting of members of the Association for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question shall be held not less than 35 days nor more than 45 days after receipt by the Board of a petition for such a meeting signed by Members representing 5% or more of the total voting power of the Association. At such special meeting a vote of a majority of

Members of the Association other than the Declarant shall be required to take action to enforce the obligations under the Bond and a majority of the voting power of the Association, excluding Declarant, shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

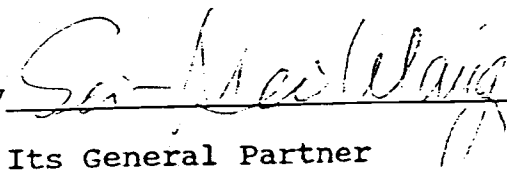
On satisfaction of the Declarant's obligation to complete the common area improvements, the Association shall acknowledge in writing that it approves the release of the Bond and shall execute any other documents as may be necessary to effect the release of the Bond. The Association shall not condition its approval of the release of the Bond on the satisfaction of any condition other than the completion of the common area improvements as described on the planned construction statement. Any dispute between Declarant and the Association regarding the completion of a common area shall be submitted to binding arbitration under the commercial rules of the American Arbitration Association and the prevailing party shall be entitled to recover costs, including reasonable attorney's fees.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration on the day and year written above.

WTC SANTA FE SPRINGS INVESTMENTS,
LTD., a California Limited
Partnership

By 
Its General Partner

By 
Its General Partner

By 
Its General Partner

(Partnership)

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On MARCH 30 1992 before me, the undersigned, a
Notary Public in and for said State, personally appeared
JEH C. WANG KENNETH C WANG AND SEI-MEI WANG

personally known to me or proved to me on the basis of
satisfactory evidence to be the person S who executed the within
instrument as _____ partners of the partnership that
executed the within instrument, and acknowledged to me that such
partnership executed the same.

WITNESS my hand and official seal.

Signature *[Handwritten Signature]*

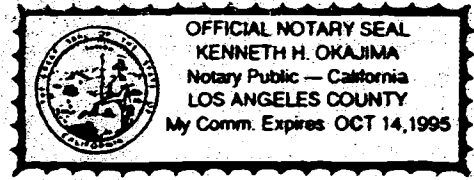


EXHIBIT "A"

LOTS 1 THROUGH 28, INCLUSIVE, LOTS 29 THROUGH 53, INCLUSIVE AND
COMMON AREA LOT 54 OF TRACT NO. 49943, CITY OF SANTA FE SPRINGS,
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED
IN BOOK 1180, PAGES 12 THRU 18 , INCLUSIVE OF M:PS, IN THE OFFICE
OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT OF COMMON AREAS

LANDSCAPING, STREETS, DRIVES, POOL, SPA, RECREATION ROOM, RESTROOMS,
FENCES, WALLS, LIGHTING, ELECTRIC GUARD GATE AND WALKS.

EXHIBIT ANNUAL ASSESSMENTS

THE MAXIMUM ANNUAL ASSESSMENT PER LOT IN INCREMENT ONE SHALL BE \$1,805.16.

RECORDING REQUESTED BY AND
RECORDED MAIL TO:

WTC Santa Fe Springs Investments, Ltd.
5325 East Pacific Coast Highway
Long Beach, California 90804

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT ("Agreement") is made as of April 1, 1992, 1992, by GENERAL BANK, a banking association ("General Bank"), and the REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS ("Agency"), with reference to the following facts:

RECITALS

A. General Bank is the beneficiary under that certain deed of trust dated June 24, 1991 and recorded on August 30, 1991 as Instrument No. 91-1376324 of the Official Records of Los Angeles County, California (the "First Trust Deed").

B. Agency is the beneficiary under that certain deed of trust dated August 23, 1991 and recorded on August 30, 1991 as Instrument No. 91-1376326 of the Official Records of Los Angeles County, California (the "Second Trust Deed").

C. The trustor under each of the First and Second Trust Deeds, WTC Santa Fe Springs Investments, Ltd. ("WTC"), intends to record against the real property described in said Trust Deeds a Declaration of Covenants, Conditions, and Restrictions executed by WTC as Declarant, dated March 13, 1992, in the Official Records of Los Angeles County, California (the "Declaration"), and General Bank and the Agency have agreed to subordinate, in the same order of priority, the First Trust Deed and the Second Trust Deed and the liens thereof to the Declaration.

NOW, THEREFORE, in consideration of the covenants and agreements as set forth herein, the receipt and sufficiency of which are hereby acknowledged, General Bank and the Agency agree as follows:

1. The foregoing Recitals are incorporated herein by reference, made a part hereof, and this Agreement has been executed in reliance thereon.

2. General Bank, as beneficiary under the First Trust Deed, does hereby expressly subordinate the lien of the First Trust Deed to the Declaration to be recorded by WTC in the

Official Records of Los Angeles County, California, and to all maintenance and other easements to be conveyed to Promenade Villas Recreation & Management Association, a non-profit corporation, in accordance with that Declaration.

3. The Agency, as beneficiary under the Second Trust Deed, does hereby expressly subordinate the lien of the Second Trust Deed to the Declaration to be recorded by WTC in the Official Records of Los Angeles County, California, and to all maintenance and other easements to be conveyed to Promenade Villas Recreation & Management Association, a non-profit corporation, in accordance with that Declaration.

4. Notwithstanding the foregoing, the lien of the First Trust Deed shall continue to have priority over the lien of the Second Trust Deed.

GENERAL BANK, a banking
association

By _____

Its Authorized Officer

By _____

Its Authorized Officer

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA FE SPRINGS

By _____

Robert G. Orpin

Its Authorized Officer

By _____

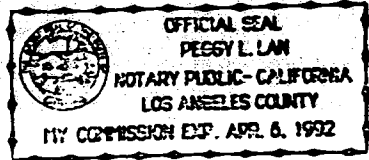
Its Authorized Officer

(Corporation)

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On April 1, 1992, before me, the undersigned, a Notary Public in and for said State, personally appeared Eddie Chang, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Senior Vice President, and Steve Wu personally known to me (or proved to me on the basis of satisfactory evidence) to be Vice President, of the corporation that executed the within Instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Signature *Peggy L. Lan*



(Corporation)

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On April 1, 1992, 1992, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT G. ORPIN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the Executive Director, and _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be _____ of the corporation that executed the within Instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Signature _____

State of California
County of Los Angeles

On April 1, 1992, before me, PAULINE F. BJURSTROM, personally appeared ROBERT G. ORPIN, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS and hand and official seal.

Pauline F. Bjurstrom
Notary Public

