



Articles of
Incorporation,
By-Laws &
Declaration of
Covenants,
Conditions &
Restrictions &
Amendments

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FIRST AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF SAN DIEGO COUNTRY ESTATES ASSOCIATION

This first amendment to the Declaration of Covenants, Conditions and Restrictions of San Diego Country Estates Association is made with reference to the following facts:

1. That Certain Declaration of Covenants, Conditions, and restrictions (hereinafter referred to as “Declaration”) for San Diego Country Estates Association was recorded within the Office of the San Diego County Recorder’s Office on October 12, 1972 at file/page number 72-274576.
2. The Declaration encumbered certain real property as more particularly described within attached Exhibit A, the content of which is incorporated herein by this reference.
3. Pursuant to the provisions of California Civil Code 1352.5 and pursuant to a resolution adopted by the Board of Directors of San Diego Country Estates Association on December 20, 2000, the undersigned president and secretary of San Diego Country Estates Association hereby certifies that the following First Amendment to the Declaration has been adopted and approved so as to cause San Diego Country Estates Association to be in compliance with the provisions of California Civil Code 1352.5.

NOW THEREFORE the Declaration is hereby specifically amended only as to the following provisions:

- A. Article II, Section 3(b) is repealed in its entirety. In its place, the Following amended Article II, Section 3(b) is hereby adopted and incorporated within said Declaration:

(b) Joint Owner Disputes. The vote for each such lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in questions. If any Owner or Owners cast a vote representing a certain lot, it will thereafter be conclusively presumed for all purposes that owner or owners were acting with the authority and consent of all other Owners of the same lot. In the event more than one vote is cast for a particular lot, none of said votes shall be counted and said votes shall be deemed void.

- B. Article II, Section 3(c) is repealed in its entirety. In its place the Following amended Article II, Section 3(c) is hereby adopted and incorporated within said Declaration:

(c) Cumulative Voting. In any election of the members of the Board, every Owner entitled to vote at such an election shall have the right to cumulate said owners votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of Lots owned by the Owner multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

- C. Article II, Section 5 is repealed in its entirety. In its place, the following amended Article II, Section 5 is hereby adopted and incorporated within said Declaration:

Section 5. Substitution of Membership Upon Construction of Multiple-Residential Dwellings.

Notwithstanding the provisions of the foregoing Section 2, if at any time, without the recording of a new final map thereon, there is constructed upon an existing Lot a building or buildings designed and/or intended to be occupied by more than a single-residential unit (for example, apartment houses, condominiums or townhouses), then at the earlier of the time (a) a notice of completion is filed for record with respect to all such buildings intended to be construction upon such Lot or (b) a certificate of occupancy is issued with respect to all such buildings,

(a) all memberships in the Association which were appurtenant to ownership of the Lot upon which such buildings have been constructed shall terminate, and

(b) one new Class A membership in the Association shall be created for each dwelling unit designed and intended to be occupied by a single-residential unit, within the building or buildings so constructed, and all such new memberships shall be appurtenant to the Lot; provided, however, that the termination of any membership by construction of multiple residential units as described above, shall not cancel, forgive or otherwise affect the obligation of the person who held the terminated membership to pay assessments which were duly fixed in accordance with Article III hereof prior to the time the new memberships were created, although it shall negate any lien for such payment and shall negate the right of the Association to foreclose or otherwise enforce such lien.

REVISED

If this document contains any restriction based upon race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12966.1 of the Government Code. Lawful restrictions under state and federal law on the age of the occupants in senior housing or housing for older persons shall not be construed as restrictions based upon familial status.

DECLARATIONS OF COVENANTS CONDITIONS AND RESTRICTIONS

SAN DIEGO COUNTY ESTATES

THIS DECLARATION, is made by The Bank of California, national association as Trustee under that certain Subdivision Trust #80106, in its own behalf and for the benefit of San Diego Estates Co., a partnership, as second beneficiary of said Trust, and by San Diego Estates Co., a partnership as second beneficiary of said Trust and as developer of the Project described herein, both hereinafter referred to as “Declarant.”

RECITALS

WHEREAS, Declarant is the owner of that certain real property located in the County of San Diego, State of California, more particularly described in Exhibit 1 which is attached to this Declaration and by this reference made a part hereof as though fully set forth; and is now or will in the future be the owner of certain other real property in said County and State, which other real property is more particularly described in Exhibit 2 which is attached to this Declaration and by this reference made a part hereof as though fully set forth herein; and

WHEREAS, Declarant intends to and does hereby establish for its own benefit and for the mutual benefit of all future owners or occupants of the said real property described in Exhibit 1, and each part thereof, certain easements and rights in, over and upon said premises and certain mutually beneficial covenants, conditions, restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and further intends that all or part of the said property described in Exhibit 2 will or may, in the future, be annexed pursuant to this Declaration and therefore made subject to the general plan described below; and

WHEREAS, Declarant desires and intends that the owners, mortgagees, occupants and all other persons hereafter acquiring any interest in said real property described in Exhibit 1 or any part thereof shall at all times enjoy the benefits of, and shall hold, sell and convey their interests subject to the rights, easements, covenants, conditions, restrictions and obligations hereafter set forth, all of which are hereby declared to be in furtherance of a general plan to promote and protect the cooperative aspect of such development and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the said real property;

NOW, THEREFORE, Declarant, as the owner of the said real property described in Exhibit 1 hereto, and for the purposes above set forth, declares that all of the said real property described in said Exhibit 1 and each part thereof, and such of the real property described in Exhibit 2, as may hereafter be annexed as provided in Article IX hereof, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the said real property and be binding on all parties having any right, title or interest therein, or in any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof:

ARTICLE I

DEFINITIONS

As used herein, unless otherwise specified or unless the context otherwise requires:

“Accessory Use” means a use naturally and normally incidental to, subordinate to and devoted exclusively to the main use of the premises.

“Articles” shall mean the Articles of Incorporation of San Diego Country Estates Association, which are, or shall be, filed in the Office of the County Clerk of San Diego County, as said Articles are amended from time to time.

“Association” shall mean San Diego Country Estates Association, a California non-profit corporation, its successors and assigns.

“Board” shall mean the Board of Directors of the Association.

“Building” means any structure having a roof supported by columns or walls for the housing or enclosure of persons, animals or chattels and located on the parcel and forming a part of the property.

“By-Laws” shall mean the By-Laws of the Association as such By-Laws may be amended from time to time.

“Common Area” means all of the property described on exhibit 3 hereto or at any time owned by San Diego Country Estates Association.

“County” means the County of San Diego, California.

“Declaration” means this instrument by which the property is established as a planned development, as this Declaration may from time to time be amended.

“Declarant” shall mean its successors and assigns, if such successors and assigns should acquire any portion of the Property from the Declarant for the purpose of development and are designated by The Bank of California and San Diego Estates Co. as the Declarant for the purpose hereof by a duly recorded written instrument.

“ Dwelling ” means any building or portion thereof which is used as a private residence or sleeping place of one or more human beings, but not including club houses or recreational buildings intended and designed primarily for recreational use.

“Improvements” shall mean buildings, garages, carports, roads, driveways, walkways, parking areas, fences, walls, covered patios, porches, elevated porches, sun decks, balconies, hedges, plantings, planted trees and shrubs, and all other structures or landscaping improvements of every kind, nature and description.

“Lien” includes both voluntary and involuntary liens.

“Lot” means a parcel of real property as shown with a separate and distinct number or letter on a final subdivision map, or parcel map, or condominium map or plan, or record of survey map, which has been duly recorded or filed in the Office of the County Recorder of San Diego County, or a condominium shown as one unit a recorded final subdivision map of a condominium development.

“Manager” means that person or entity employed from time to time by the Board to manage the affairs of the Association.

“Mortgagee” means the beneficiary of a recorded deed of trust or the holder of a recorded mortgage.

“Occupied” includes but is not limited to arranged, designed, built, altered, converted, rented or leased, or intended to be occupied.

“Owner” means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a lot, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

“Persons” includes but is not limited to natural persons, associations, firms, partnerships and corporations.

“Project” or “the Project” means all of the land described in Exhibit 1 attached hereto and such of the real property described in Exhibit 2 hereto as may, at any time, have been annexed as provided in Article IX hereof.

“Record” or “recording” or “recorded” means to file or record in the Office of the County Recorder of San Diego County, California. “Shall” is mandatory and not merely directory. “State” means the State of California.

“Street” means a thoroughfare which affords means of access to abutting property. “Structure” means anything constructed or erected, which requires a location on the ground or attached to something having a location on the ground.

“Subdivision map” or “final map” or “map” includes any final record or survey map, tract map, parcel map, subdivision map, or condominium map or plan which has been recorded but does not include any tentative tract map.

“Use” means the purpose for which land or a building is designed, arranged or intended, or for which either is or may be occupied or maintained.

ARTICLE II

SAN DIEGO COUNTRY ESTATES ASSOCIATION

Section 1. Organization. The Association is a non-profit California corporation which corporation shall be the governing body for all of the Owners for the maintenance, repair, replacement, administration and operation of the Common Areas, and all other portions of the Property or Project it is required or permitted to maintain pursuant to this Declaration, and shall have the duties and powers prescribed by law and set forth in the Articles, By-laws, and this Declaration. Neither the Articles nor By-laws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall prevail. Neither the officers nor the directors of the Association, nor any of them, shall be required to be Members of the Association. The Board of Directors of the Association, and such officers as the Board may elect or appoint, shall conduct the affairs of the Association in accordance with the Articles and By-laws, as the same may be amended from time to time.

Section 2. Membership.

(a) **Qualifications.** Each Owner of a Lot, including Declarant, shall be a member of the Association and shall be entitled to one membership for each Lot owned.

(b) **Member's Rights and Duties.** Each member shall have the rights, duties and obligations set forth in this Declaration, the Articles, the By-Laws, the Association rules, and the Environmental Control Committee rules, as the same may from time to time be amended.

(c) **Transfer of Membership.** the Association membership of each owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon the transfer of title to said Lot, and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

Section 3. Voting.

(a) **Number of Votes.** The Association shall have two classes of voting membership:

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

Class B. The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Lot owned. Class B Membership shall cease and be converted to Class A Membership on the happening of the earlier of the following events:

- (1) When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership; or

(2) Two years from the date of issuance of the most recent final Subdivision Public Report with respect to any part of the project.

(3) On July 1, 1977.

(b) **Joint Owner Disputes.** The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that owner or owners were acting with the authority and consent of all other Owners of the same Lot. In the event more than one vote is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed void.

(c) **Cumulative Voting.** In any election of the members of the Board, every Owner entitled to vote at such an election shall have the right to cumulate said owner votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of Lots owned by the Owner, multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

Section 4. Substitution of Membership Upon Re-subdivision.

(a) **Re-subdivision of All of One or More Lots.** Notwithstanding the provisions of the foregoing Section 2, if at any time a new final map is recorded covering all of an existing Lot or Lots, and if concurrently with the recording of such map a declaration of restrictions is recorded which establishes an association for such Lot or Lots identical with or similar to one of the management bodies described in California Civil Code Section 1355(a), then, if and only if such declaration of restrictions so provides, at such time as such association is established and able to transact its business under the laws of the State of California, each membership then in existence with respect to said Lot or Lots shall cease and such association shall succeed as the sole member of the Association entitled to cast the votes for such Lot. If, however, any Lot or Lots are so re-subdivided and no new association is established by a recorded declaration of restrictions, or if any Lot or Lots are so re-subdivided and declaration of restrictions with respect thereto does not provide that a new association shall succeed as sole member of the Association, then effective immediately upon the recording of the new final map with a respect to such Lot or Lots:

(1) All Memberships in the Association which were appurtenant to ownership of the Lot or Lots so re-subdivided shall terminate, and

(2) One new Class A membership in the Association shall be created for each new Lot created by such re-subdivision, and one such new Class A membership shall be appurtenant to ownership of each such newly created Lot; provided, however, that the termination of any membership by re-subdivision of the Lot to which it is appurtenant shall not cancel, forgive or otherwise affect the obligation of the person who held the membership to pay assessments which were duly fixed in accordance with Article III hereof prior to the

recording of the new subdivision map, and shall not negate or affect any lien for such payment, or the right of the corporation to foreclose or otherwise enforce such lien.

(b) **Re-Subdivision of Part of One or More Lots.** Notwithstanding the provisions of the foregoing Section 2, if at any time a new final map is recorded covering a part only, of an existing Lot or Lots, and if either concurrently with the recording of such map, or thereafter, a declaration of restrictions is recorded which establishes an association for the real property subject to such map identical with or similar to one of the management bodies described in California Civil Code Section 1355 (a), then, if and only if such declaration of restrictions so provides, at such time as such association is established and able to transact its business under the laws of the State of California it shall become a Class A Member of the Association. The Owners of those portions of the same preexisting Lot or Lots which are not subject to said map shall continue as Class A Members whose vote or votes are appurtenant only to those remaining portions of the Lot which are subject to the map. If, however, a part only of an existing Lot is so re-subdivided and no new association, or if a part of an existing Lot is so re-subdivided and a declaration of restrictions with respect to such part does not provide that a new association shall succeed as a Member of the Association, then effective immediately upon the recording of such new final map:

- (1) all memberships in the Association which were appurtenant to Ownership of the Lot a part of which was so re-subdivided shall terminate, and
- (2) one new Class A membership in the Association shall be created for each new Lot created by such re-subdivision (and one such new Class A membership shall be appurtenant to ownership of each such newly created Lot), and one new Class A membership shall be created for that portion of the preexisting Lot which has not been included in the re-subdivision (which Class A membership shall be appurtenant to ownership of such portion); provided, however, that the termination of any membership by re-subdivision of the Lot to which it is appurtenant shall not cancel, forgive or otherwise affect the obligation of the person who held the membership to pay assessments which were duly fixed in accordance with Article 11 hereof prior to the recording of the new subdivision map, and shall not negate or affect any lien for such payment, or the right of the corporation to foreclose or otherwise enforce such lien.

Section 5. Substitution of Membership upon Construction of Multiple-Residential Dwellings.

Notwithstanding the provisions of the foregoing Section 2, if at any time, without the recording of a new final map thereon, there is constructed upon an existing Lot a building or buildings designed and/or intended to be occupied by more than a single- residential unit (for example, apartment houses, condominiums or townhouses), then at the earlier of the time (a) a notice of completion is filed for record with respect to all such buildings intended to be construction upon such Lot or (b) a certificate of occupancy is issued with respect to all such buildings,

- (a) all memberships in the Association which were appurtenant to ownership of the Lot upon which such buildings have been constructed shall terminate, and

- (b) one new Class A membership in the Association shall be created for each dwelling unit designed and intended to be occupied by a single-residential unit, within the building or buildings so constructed, and all such new memberships shall be appurtenant to the Lot; provided, however, that the termination of any membership by construction of multiple-residential units as described above, shall not cancel, forgive or otherwise affect the obligation of the person who held the terminated membership to pay assessments which were duly fixed in accordance with Article III hereof prior to the time the new memberships were created, although it shall negate any lien for such payment and shall negate the right of the Association to foreclose or otherwise enforce such lien.

Section 6. Duties of the Association. In addition to the powers delegated to its by its Articles, and without limiting the generality thereof, the Association shall have the obligation to perform each of the following duties:

- a) **Maintenance and Management of Common Area, Private Streets, Easements, Additional Maintenance Area.** To Maintain, manage, preserve and control all property acquired by or under the jurisdiction of the Association, including but not limited to (1) all of the Common Area, including the Private Streets, and all improvements located thereon, (2) all easements for operation and maintenance purposes over any Common area, and (3) all easements for the benefit of the Association Members within the Common Area, (4) all other portions of the Property which it is required to maintain pursuant to this Declaration, (5) such property as the Members of the Association by a vote of 75% of the voting power allocated to the Members, elect to maintain, including, but not limited to, other portions of the Project, storm drains, and drainage facilities, located on the Lots, on annexed portions of the commercial area, and fuel break easements, said maintenance to be done for a reasonable fee approved by the aforesaid vote. The areas to be maintained pursuant to (4) and (5) of this subsection shall be referred to as “Additional Maintenance Areas”.
- b) **Rubbish Collection.** To provide refuse pickup and garbage disposal for the Lots.
- c) **Water and Other Utilities.** To acquire, provide and/or pay for water, sewer, garbage disposal, electrical, telephone and gas and other necessary utility services for the Common Area.
- d) **Slopes.** To operate and maintain, or provide for the operation and maintenance of the Slopes and drainage facilities on said Slopes.
- e) **Insurance.** To obtain and maintain in force the following policies of insurance:
- 1) Fire and extended coverage insurance on all Improvements located in or upon the Common area, the Additional Maintenance Areas, or otherwise under the control of the Association, the amount of such insurance to be not less than one hundred percent (100%) of the aggregate full insurable value.
 - 2) General comprehensive public liability insurance against claims for personal or bodily injury, death, or property damage with limits with regard to injury or death of not less than \$250,000.00 per person and \$500,000.00 per occurrence; and with limits of not less than \$250,000.00 per occurrence in respect to property damage, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction. Said liability insurance shall name and separately protected insureds, Declarant, the Association, the Board, the Environmental

Control Committee, and their representatives, members and employees, and the Association Members (as a class), with respect to any liability arising out of the maintenance or use of the Common Area, the Additional Maintenance Areas, or other property under the jurisdiction of the Association.

- 3) Such faithful performance and fidelity bonds as are required to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property.
- 4) Such other insurance including Workmen's Compensation insurance to the extent necessary to comply with any applicable law and indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Association functions.

Every policy of insurance obtained by the Association shall expressly waive any and all rights of subrogation against Declarant, its representatives and employees, and all Association Members.

- f) **Rule Making.** To make, establish, promulgate, amend and repeal the Association Rules.
- g) **Environmental Control Committee.** To appoint and remove members of the Environmental Control Committee all subject to the provision of this Declaration.
- h) **Taxes and Assessments.** Pay all taxes and assessments which are or could become a lien on the Common area or any portion thereof.
- i) **Enforcement of Restrictions and Rules.** To perform such other acts, whether or not expressly authorized by this Declaration as may be reasonably necessary to enforce any of the provisions of this Declaration, the Association Rules, and the Environmental Control Committee Rules.
- j) **Title to Property Upon Dissolution.** To convey, upon dissolution of the Association, the assets of the Association to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such conveyance is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.

Section 7. Powers and Authority of the Association. The Association shall have all the powers of a nonprofit corporation organized under the General Nonprofit Corporation Law of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws, or this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under this Declaration, the Articles and the By-Laws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including without limitation:

- a) **Assessments.** To levy assessments on the Owners of Lots and to enforce payment of such assessments, all in accordance with the provisions of Article II hereof.
- b) **Right of Entry and Enforcement.** To enter upon any Lot or any Common Area for the purpose of enforcing by peaceful means any of the provisions of this Declaration or for the purpose of maintaining or repairing any such area if for any reason whatsoever the Owner thereof fail to maintain or repair any such area as required by this Declaration. Such entrance shall be after twenty-four (24) hours prior written notice to the Owner, or such greater notice as may be required by any

provision hereof; provided, however, that such entrance shall be permitted without any prior notice whatsoever in the event of an emergency. The Association shall also have the power and authority from time to time in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and the Rules of the Association and of the Environmental Control Committee and to enforce, by mandatory injunction or otherwise, all of the provision hereof. In addition, or as an alternative method of enforcing the Declaration (except as to a failure to pay assessments) and the aforesaid rules, the Board may, after a hearing on ten (10) days written notice to any person violating the Rules of the Association, suspend said person's voting rights and/or right to use the recreational facilities and Common Area for a period not to exceed thirty (30) days.

- c) **Easements and Rights of Way.** To grant and convey to any third party easements and rights-of-way in, on, over or under any Common Area, and such portion the Additional Maintenance Areas as is owned by the Association for the purpose of constructing, erecting, operating or maintaining thereon, therein, or thereunder (1) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, telephone and other purposes, (2) public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes and (3) any similar public or quasi-public improvements or facilities.
- d) **Transfer, Dedication and Encumbrance of the Common Area.** To sell, transfer or encumber all or any portion of the Common Area, including the Private Streets and any other portion of the Project owned by the Association to a person, firm or entity, whether public or private, and the right of the Association to dedicate or transfer all or any portion of the Project owned by the Association 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 sale, transfer, encumbrance or dedication shall be effective unless an instrument signed by Members entitled to cast seventy-five percent (75%) of the votes of the Class A Membership and seventy-five percent (75%) of the votes of the Class D Membership, if any, has been recorded, agreeing to such sale, transfer, encumbrance or dedication, and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance.
- e) **Employment of Agents.** To employ the services of any person or corporation as Manager, or other employees, to, as may be directed by the Board, manage, conduct and perform the business, obligations and duties of the Association, and to enter into contracts for such purpose. Such agents shall have the right to ingress and egress over such portions of the Properties as is necessary for the performance of such business, duties and obligations.
- f) **Employment of Professional Advisors.** To employ professional counsel and advice from such persons or firms or corporations such as, but not limited to, landscape architects, recreation experts, architects, planners, lawyers, and accountants.
- g) **Borrowing of Money.** To borrow and repay monies, giving notes, mortgages or other security; provided, however, that any borrowing in excess of \$1,000 upon the security of the Common Area real property shall be subject to the prior consent of a majority of the votes cast by the Members of the Association voting at a duly held special or annual meeting, excluding the vote of the Class B member.

- h) **Create Classes of Service and Make Appropriate Charges.** To create, in its sole discretion, various classes of service and to make appropriate charges therefor to the users thereof, including but not limited to reasonable admission and other fees for the use of any recreational facility situated in Common areas, and to avail itself of any rights granted by law without being required to render such services to those of its Members who do not assent to the said charges and to such other rules and regulations as the Board deems proper. In addition, the Board shall have the right to discontinue any service upon non-payment or to eliminate such service for which there is no demand therefor or adequate funds to maintain the same out of charges.
- i) **Impounds.** As a part of the common expenses, to be assessed with each monthly assessment, the Association may, in addition to any other assessments hereunder, require monthly advance installments in amounts not to exceed, on an annual basis, 10% of the total annual assessment last duly fixed by the Board, as an impound and for the purpose of building up a fund to insure payment when due of future assessments for common expenses. All monies collected by the Association, as impounds, pursuant to this paragraph, shall be held by the corporation in trust to pay such future assessments, and shall be applied toward such future assessments, and/or toward any other costs or expenses which are the obligation of the Owners paying such impounds, in such manner at such times and in such order as the board may determine. All such trust funds shall be applied for the purposes and only for the purposes heretofore described. All such funds shall be deposited within ten (10) days after receipt by the Board in an interest-bearing account or accounts, denominated "Trustee Account" in any bank or trust company under the supervision of the California Superintendent of Banks or the United States controller of the Currency as may be determined by the Board by resolution. Any persons with access to funds of the Association, or with the power to draw checks upon any of the Association's accounts, including said "trust account", shall be bonded with a good and sufficient bond indemnifying the Association against loss of money or property by act of such person. Such bonds shall have at least the coverage provided in standard forms of fidelity, commercial blanket or blanket position bonds (but may have additional coverage), and shall have minimum fidelity coverage of \$50,000. Any such bonds may be for a definite or indefinite terms, provided an effective bond as required herein shall be in effect covering each such person at all times during which such person is engaged in his/her duties. Any such bond may be subject to cancellation on thirty (30) days notice, provided such bond carries a rider or condition to the effect that it is subject to cancellation by the surety or the insured thirty (30) days after written notice to each member of the Board. The surety on any such bond shall be an admitted insurer in the State of California.
- j) **Miscellaneous.** Sue and be sued; pay taxes; make and enter into contracts; insure; enter into leases or concessions and to pass good and marketable title to the Common Area or any portion thereof; dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purpose and subject to such conditions as may be reasonable; make and execute any and all proper affidavits for various purposes; compromise any action without leave of court; insure its own liability for claims against it and against its officers, directors, employees and contractors.
- k) **One Year Limitation.** Notwithstanding anything to the contrary herein, Declarant and its agents are precluded from entering into any contract which binds the Association or its Board for a period in excess of one year unless reasonable cancellation provision are included in any such contract.

- l) **Affiliated Club Agreements.** To enter into reciprocal agreements for affiliation of the golf, tennis, swimming and equestrian facilities of San Diego Country Estates with clubs in California and throughout the world, and to provide in said reciprocal agreements for use of the aforesaid facilities by members of such affiliated clubs in exchange for the right of Members of the Association and authorized users of its aforesaid facilities to use such affiliated club or clubs' facilities, all on terms and conditions mutually agreeable to the parties to such contracts.

Section 8. The Association Rules. By a majority vote of the Board, the Association may, from time to time, adopt, amend and repeal such rules and regulations as it deems reasonable (the "Association Rules"). The Association Rules shall govern the use of any Common Area, and the Private Streets by any owner, by the Co-Owner and/or dependent of such Owner, or by an invitee, licensee or lessee of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or By-Laws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, said Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between any such Association rules and any of the other provisions of this Declaration, or the Articles or By-Laws, the provisions of such Association rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the By-Laws to the extent of such inconsistency. In the event of any conflict between the provisions of this Declaration and the provisions of the By-Laws or Articles, the provisions of this Declaration shall prevail.

Section 9. Personal Liability. No member of the Board or The Environmental Control Committee, or any officer of the Association, or the Declarant, or the Manager, shall be personally liable to any Owner, or to any other party, including the Association and the Environmental Control Committee, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Environmental Control Committee, the Manager or any other representative or employee of the Association, the Declarant, or the Environmental Control Committee, or any officer of the Association, or the Declarant provided that such person has, upon the basis of such information as may be possessed by him/her, acted in good faith, without willful or intentional misconduct.

ARTICLE III - COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned, 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, for each Lot owned, to pay to the Association Annual Assessments, Special Assessments, and Emergency Assessments, such assessments to be at a uniform rate for each Lot and to be established, made and collected as hereinafter provided. The Annual, Special and Emergency Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be a personal obligation of the person who is the Owner of such property at the time when the assessment becomes due and payable. The personal obligation for delinquent assessments shall not pass to the owner's successors in title unless expressly assumed by them. No Owner may waive or otherwise escape

liability for the assessments provided for in this Declaration by non-use of the Common Area, or any part thereof, or any other part of the Properties, or abandonment of owner's Lot.

Section 2. Purpose of Assessments. Assessments levied shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, the improvement, operation and maintenance of the Common Area, and the Additional Maintenance Areas, and the performance of the duties of the Association as set forth in this Declaration.

Section 3. Annual Assessments. Prior to June 1, 1973, (the "Initiation Date") the cost of operation, maintenance and management of the Common Area and the Additional Maintenance Areas shall be the sole and exclusive obligation of Declarant, and no assessments, whether Annual, Special or Emergency, will be made against any Lot Owner or owner's Lot. Prior to issuance of the Public Report on the Project, Declarant shall bond the payment of all maintenance expenses to June 1, 1973. From and after June 1, 1973, Annual Assessments shall be made, paid and enforced by the board in the manner provided by this Declaration against the Owners of all Lots, including the Declarant, and the operation, management and maintenance of the Common Areas and the Additional Maintenance Areas, together with the rights, duties and obligations of the Association as set forth in this Declaration, shall be the sole and exclusive obligation of the Association. From and after the Initiation Date and until January 1 of the calendar year immediately following the Initiation Date, prorated according to the number of full calendar months remaining until the end of the calendar year in which the Initiation Date occurs, and thereafter on a calendar-year in which the Initiation date occurs, and thereafter on a calendar-year basis, the annual assessment for each Lot shall be determined according to the following formula:

$$CM/A = L$$

where A is the annual dollar assessment on the Lot;

C is (a) the total dollar expense of the Association, incurred or reasonably expected to be incurred during the twelve-month period for which the assessment is levied after deduction of reasonably anticipated income during the same period from sources other than assessments for owning, operating, maintaining, reconstructing and repairing the Common areas and the Additional Maintenance Areas (specifically including, but not limited to taxes and assessments on all real and personal property owned by or held in trust for the benefit of the Association, and reserves required by good business practice), and (b) as to those Owners who elect to use the special classes of service provided for in Article II, Section 7 (h) of this Declaration, the cost of those services after deduction of reasonably anticipated income during the same period from sources other than assessments;

M is the total number of Memberships held by the Member or Members who own the Lot, determined under Section 2, 3, 4 and 5 of Article II hereof;

L is the total number of Memberships (determined under Section 2, 3, 4 and 5 of Article II hereof) held by all Members of the Association on the date the assessment is fixed.

From and after January 1 of the calendar year immediately following the Initiation Date, the Annual Assessment may be increased by the Board each year by an amount not more than ten percent (10%) above the Annual Assessment for the previous year without a vote of the Members of the Association as set forth in Section 6.

Section 4. Special Assessments for Capital Improvements. In addition to the Annual Assessments authorized above the Board may levy, during any calendar year, but in event prior to the Initiation Date, a special assessment (“Special Assessment”) applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or unexpected repair or replacement of a capital improvement upon the Common Area, and the Additional Maintenance Areas, including the necessary fixtures and personal property related thereto; provided that any such assessment in excess of \$1,000.00 shall be approved by vote of Members of the Association as set forth in Section 6 hereof. Said Special Assessments shall be paid at the same time as payment is made of the Annual Assessment.

Section 5. Special Assessments for Emergency Needs. If the assessments levied in any month from and after the Initiation Date are, or will become inadequate to meet all expenses hereunder for any reason, including non-payment of any owner's assessments on a current basis, the Board shall immediately determine the approximate amount of such inadequacy for such month and issue a supplemental budget, noted as to the reason therefor, and levy an emergency assessment for the amount requested to meet all such expenses on a current basis (“Emergency Assessment”) against the Owners of each of the Lots, provided, however, that any Emergency Assessment in excess of \$1,000.00 may be made only upon vote of the Members as provided in Section 6 hereof. Said Emergency Assessment shall be paid by the Owners within thirty (30) days after notice thereof.

Section 6. Notice and Quorum for Any Action Authorized under Section 3, 4 and 5. Any action authorized under Section 3, 4 or 5 of this Article III shall require the approval of 75% of the votes allowed to each of the Members of each class. The approval of the Members of the Association shall be taken at a meeting called for that purpose, at which a quorum need not be present, written notice of which shall be sent to all Members not less than ten (10) days or more than twenty (20) days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such a meeting, but such vote is less than seventy-five percent (75%), Members who were not present in person or by proxy may give their consent in writing within ten (10) days after the aforesaid meeting, so that the percentage of each class of membership required for action under Sections 3, 4, and 5 of this Article III might be obtained.

Section 7. Due Dates of Annual Assessments; Certificate Regarding Assessments. The first Annual Assessment and all Special Assessments shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to each Owner subject thereto. The Annual Assessments and Special Assessments shall be collected on a monthly basis and shall be due the 15th day of each month. The Association shall, upon demand, and for a reasonable charge not to exceed Ten Dollars (\$10.00), furnish a certificate to persons requesting same signed by an officer of the Association, setting forth whether all assessments on a specified

Lot and whether Annual, Special, or Emergency have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect on Nonpayment of Assessments; Remedies of the Association.

Each Owner of any Lot, on becoming an Owner of any Lot, is and shall be deemed to covenant and agree to pay to the Association the assessments provided for in this Article III, and in Article VIII hereof, and agrees to the enforcement of all such assessments in the manner herein specified. Any assessments which are not paid within thirty (30) days after the due date shall bear interest from the date of delinquency at the rate of Seven Percent (7%) per annum and the Board may impose a late payment penalty not to exceed \$10.00 for each delinquency. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In the event of a default in payment of any such assessment when due, such assessment shall be deemed to be delinquent. In addition to any other remedies herein or by law provided, the Association may enforce the obligations of the Owners to pay the assessment provided for herein, and each of them, in any manner provided by law or in equity, and without limitation of the foregoing, by any or all of the following procedures:

- a) **Enforcement by Suit.** By commencement and maintenance of a suit at law against an Owner or prior Owner to enforce each such assessment obligation, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, interest thereon at the maximum legal rate per annum from the date of delinquency, court costs and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner.
- b) **Enforcement by Lien.** There is hereby created a claim of lien, with power of sale, on each and every Lot to secure payment to the Association of any and all assessments levied against any and all owners of such Lots under this Declaration, together with interest thereon at the maximum legal rate per annum from the date of delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees, at any time within ninety (90) days after the occurrence of any default in the payment of any such assessment, the Association, or any authorized representative may, but shall not be required to, make a written demand for payment to the defaulting Owner. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, or, even without such a written demand being made within 100 days after the date of the delinquency, the Association may elect to file and record such a claim of lien on behalf of the Association against the Lot of the defaulting Owner in the Office of the San Diego County Record. Such a claim of lien shall be executed and acknowledged by any officer of the Association, and shall contain substantially the following information:
 - a. The name of the delinquent Owner;

- b. The legal description and street address of the Lot against which the claim of lien is made;
- c. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and reasonable attorneys' fees (with any proper offset allowed);
- d. That the claim of lien is made by the Association pursuant to this Declaration; and
- e. That a lien is claimed against said Lot in an amount equal to the amount stated. Upon such recordation of a duly executed original or copy of such a claim of lien and mailing a copy thereof to said Owner, the lien claimed therein shall immediately attach and become effective. Any such lien may be foreclosed by appropriate action in Court or in the manner provided by law for the foreclosure of a deed of trust with power of sale as set forth by the laws of the State of California as the same may be changed or amended. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Lot. In the event such foreclosure is by action in Court, reasonable attorneys' fees, Court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law.

The proceeds of any foreclosure sale provided for in this Declaration shall first be paid to discharge court costs, court reporter charges, reasonable attorney's fees, title costs and costs of the sale, and all other expenses of the proceedings and sale, and the balance of proceeds, after satisfaction of such charges and unpaid assessments hereunder or any liens, shall be paid to the defaulting Owner. Any purchaser upon such sale shall thereupon be entitled to a deed to the Lot and to the immediate possession of the Lot and shall have the right to apply in court for such orders as may be reasonable for the purpose of acquiring such possession. It shall be a condition of such sale, and the deed so made shall so provide, that the purchaser shall take the interest in the property sold subject to this Declaration.

Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to record an appropriate release of such notice in the Office of the San Diego County Recorder.

Section 9. Assignment of Rents. As security for the payment of all such liens, each Owner hereby gives to and confers upon the Association, the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of said Owner's Lot, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligations under this Declaration, or the Articles of By-Laws or in payment of any indebtedness to such Association or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default the Association may, at any time, upon ten (10) days written notice to such Owner, then either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter upon and take possession of such Owner's Lot or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any such indebtedness, and in such order as the Association may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default hereunder or invalidate any act done pursuant to this Declaration.

The assignment of rents and powers described in the foregoing paragraph shall not affect, but shall in all respects be subordinate to the rights and power of the holder of any first mortgage or any Lot, or any part thereof, to do the same or similar acts.

Section 10. Subordination to Certain Trust Deeds. The lien of the assessments shall be prior to all encumbrances made by the Owner or imposed by legal process upon any Lot, whether the lien of the assessment is recorded prior or subsequent to any such encumbrances, except that the lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust made in good faith and for value and recorded in the Office of the Recorder of San Diego County prior to the recordation of a claim of lien for said assessments. Sale or transfer of any Lot shall not defeat or affect the assessment lien. However, the sale or transfer of any Lot, which is subject to any first mortgage or deed of trust, pursuant to a foreclosure under such first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot or Purchaser thereof from liability for any assessments thereafter become due or from the lien thereof.

Section 11. Exempt Property. All Common Areas, all properties subject to any easement or other interest dedicated to and accepted by any public authority and/or devoted to public use, including but not limited to, a School District, and all properties owned by a charitable or nonprofit organizations exempt from taxation by the laws of the State of California shall be exempt from assessment under this Article; provided, however, that no Lot shall be exempt from said assessments.

ARTICLE IV

ENVIRONMENTAL CONTROL

Preamble

The property which is originally subject to this Declaration is a portion of a larger parcel, the larger parcel, including the Property subject to this Declaration being referred to herein as the “Project”. The Project contains varied terrain, suitable for divergent uses. It is the intention of the Declarant, while imposing the within covenants, conditions and restrictions in order to provide for the orderly and attractive development of the Property and portions of the Project which may be annexed to this Declaration pursuant to Article IX, to provide through the Environmental Control Committee described below a means by which (a) standards may be established and enforced for development and operation of the particular areas within the project which are, by reason of their geography or other factors, different from the remainder of the project and (b) Lot Owners may be informed from time to time of the guidelines to be used by the Environmental Control Committee in applying the general standards set forth in this Declaration to particular applications.

Section 1. The Environmental Control Committee.

- (a) **Committee Composition.** The Environmental Control Committee shall consist of three (3) persons, none of whom shall be required to be an architect, or a Member, officer or director of the Association or to meet any other particular qualifications.

(b) **Initial Members.** The following persons are hereby designated as the initial members of the Environmental Control Committee:

Office No. 1 Philip A Overton
Office No. 2 Charles R. Lemenager
Office No. 3 William S. Watt

(c) **Terms of Office.** Unless the initial members of the Environmental Control Committee have resigned or been removed, their terms of office shall continue for the period of time indicated below, and until the appointment of their respective successors:

- (1) The term of Office No. 1 shall expire on July 1, 1975.
- (2) The term of Office No. 2 shall expire on July 1, 1976.
- (3) The term of Office No. 3 shall expire on July 1, 1977.

Thereafter the term of each Environmental Control Committee member appointed shall be for a period of three (3) years or until the appointment of his/her successor. Any new member appointed to replace a member who has died, resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed, or whose terms have expired, may be reappointed.

(d) **Appointment, Removal and Resignation.** The right to appoint and remove all members of the Environmental Control Committee at any time, shall be and is hereby vested solely in the Board, **provided, however,** that no initial member of the Environmental Control Committee may be removed, nor any successor appointed for an initial member who dies or resigns, except by Declarant prior to expiration of his/her term of office or the sale by Declarant of 90% of the land area covered by the Lots in the Project, whichever occurs first, and provided further that no member of the Environmental Control Committee may be removed prior to the expiration of his/her term of office except by the vote or written consent of four-fifths (4/5) of the members of the Board. Any member of the Environmental Control Committee may at any time resign from the Committee by giving written notice thereof to the Board.

(e) **Vacancies.** Vacancies on the Environmental Control Committee occurring after the time periods set forth in subsection (c) and (d) hereof, however caused, shall be filled by the Board. A vacancy shall be deemed to exist in case of the death, resignation or removal of any member and shall be filled by the vote of a majority of the members of the Board. Failure of the Board of Directors to fill any vacancy in the Committee shall not prevent (i) the running of the 30-day automatic approval period specified in Section 4(d) of this Article IV or (ii) action by the Committee on any matter to the extent that any two (2) members thereof each join in and consent thereto.

(f) **Notice of Membership on Committee.** The Declarant and the Environmental Control Committee are empowered from time to time to appoint successors to members of the Committee and upon making such appointment shall record written notice of such appointment in the office of

the County Recorder of San Diego County. All parties, including any title insurance company, shall be entitled to rely conclusively upon the membership of the Committee as established and as changed by any such recorded notice.

Section 2. Meetings and Compensation. The Environmental Control Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of any two (2) members, at a meeting or otherwise, shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any other provision of this Declaration. The Committee shall keep and maintain a written record of all actions taken by it at such meetings or otherwise. Members of the Environmental Control Committee shall not receive any compensation for services rendered.

Section 3. Duties. It shall be the duty of the Environmental Control Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to insure that any improvements constructed on the Properties by anyone other than the Declarant conform to plans approved by the Environmental Control Committee Rules, to perform other duties delegated to it by the Declarant within the time periods set forth in section 1 (c) and (d) hereof and thereafter the Board, and to carry out all other duties imposed upon it by this Declaration. Notwithstanding anything contained in this Declaration expressly or impliedly to the contrary (with the exception of landscaping replacements required by Section 2 of Article V1 hereof, and work authorized pursuant to Section 3 of Article VI hereof), no improvements may be constructed or placed on the Properties or any portion thereof, by anyone other than Declarant without the approval of the Environmental Control Committee having first been obtained, and the Environmental Control Committee, in its own name or on behalf of the Association, may exercise an available legal and equitable remedies to prevent or remove any such unauthorized and unapproved construction or improvements on the Property or any portion thereof.

Section 4. Operation of Committee. The Environmental Control Committee shall function as follows:

(a) All submissions to the Environmental Control Committee shall (i) be in duplicate, (ii) show the address of the party submitting the same, (iii) be deemed made when actually received by the Committee at its address in the San Diego Country Estates, or such other place as may be designated in writing by the Committee from time to time, and (iv) state in writing the specific matters as to which approval is sought.

(b) Any approval, disapproval or other action by the Committee pursuant to this Declaration shall be effective only if made by certificate in writing, stating the Committee's action as having been joined in by at least a majority of members at the time such action is taken, signed by such joining members with their signatures acknowledged for recording. Any action so certified shall constitute the action of the Committee and the certificate thereof shall promptly be mailed, postage prepaid, to the address specified by the submitting party. Any such certificate when so made, signed and mailed shall be irrevocable, shall constitute conclusive evidence of the action of the Committee and may be relied upon by any persons, including but not limited to any owner and any title insurance company.

(c) One of the two sets of submissions to the Committee may be retained by it. The other set shall have the approval or disapproval of the Committee endorsed thereon and shall be mailed,

postage prepaid to the address specified by the submitting party unless such party shall elect to accept delivery thereof in person or by agent so authorized in writing.

(d) If the Committee fails to mail its certificate with regard to any material submitted to it hereunder, within 30 calendar days after submission, it shall be conclusively presumed that the Committee has approved the specific matters as to which approval was sought in the submission. It shall thereupon be the duty of the members of the Committee, forthwith upon the request of the submitting party to sign and acknowledge a certificate evidencing such approval.

(e) As a condition precedent to its consideration of or action upon any material or matter submitted to it hereunder, the Committee shall be entitled to receive a sum fixed by it which shall not exceed \$50.00 for each set of plans, specifications, drawings or other material so submitted. Notwithstanding the provisions of subparagraph (a)(iii), until the requisite sum shall have been paid to it as provided herein, any material delivered to the Committee shall not be considered to have been submitted to it for the purpose of this declaration.

(f) No certificate of the Committee shall be recorded by the Committee or any member thereof, but the same may be recorded by the party submitting the material concerning which the certificate was made.

Section 5. Environmental Control Committee Rules. The Environmental Control Committee may, from time to time, and in its sole and absolute discretion, adopt, amend and repeal, by majority vote or written consent, rules and regulations, to be known as “Environmental Control Committee Rules”. Said Rules shall interpret and implement this Declaration by setting forth the standards and procedures for Environmental Control Committee review and the guidelines for architectural design, including, but not limited to specifications for the height, size and elevation of buildings and the materials required to be used in construction thereof; placement of buildings; color schemes; exterior finishes and materials, the height, kind and appearances of fences, walls and other structures; sizes, locations and materials to be used in construction of walks and drives; sizes and species of landscaping materials; and similar features which are recommended for use within the Properties. Such rules may provide that any plans submitted to the Environmental Control Committee for its approval must be accompanied by a filing fee in an amount not to exceed \$50.00

Section 6. Waiver. The approval or disapproval by the Committee of any plans, specifications, drawings, plot plans, grading plans, heights or any other matters submitted for approval or consent shall not be deemed to be a waiver by the Committee of its rights to approve, disapprove, object or consent to any of the features of elements embodied therein when the same features or elements are embodied in any the plans, specifications, drawings, plot plan, grading plans, heights or other matters submitted to the Committee.

Section 7. Liability. Neither the Environmental Control Committee nor any member thereof shall be liable to the Association, any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, or specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to the plans, drawings

or specifications on any of the Properties, or (c) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided, however, that with respect to the liability of a member, such member has acted in good faith on the basis of such information as may be possessed by said member.

Section 8. Restriction on Improvements. No building, fence, residence, dwelling unit or other human-made structure of any type shall be constructed or maintained upon any Lot until the plans and specifications therefor, the appearance and color thereof, the height and size thereof, a plot plan showing the location thereof and the location of all trees over four feet in height, appropriate grading plans, if requested, and a soils report for the site upon which the structure is to be or is located, if requested, shall have been approved by the Environmental Control Committee; no plan or specification shall be approved which permits construction of any structure on any residential Lot south of San Vicente Road (Lots 288-505, inclusive, of San Diego Country Estates 1) unless said structure has a total area of not less than 1,600 square feet under a full roof (exclusive of porches and patios) and no plan or specification shall be approved which permits construction of any structure on any residential Lot north of San Vicente Road (Lots 1-177, inclusive, and 179-284, inclusive, of San Diego Country Estates 1) unless said structure has a total area of not less than 1,200 square feet under a full roof (exclusive of porches and patios), unless the Environmental Control Committee finds that the physical conditions of the Lot on which an Owner desires to construct a smaller residential building are such that the minimum size structure provided for in this Section 8 cannot reasonably be constructed thereon; no change in the exterior appearance, type, color, grade, height or location of any such structure shall be made without the prior written approval of the Environmental Control Committee; and no act or condition prohibited by the provisions of Article VI of this Declaration shall be initiated, done or suffered upon any Lot, except where the Environmental Control Committee has found that because of unique or emergency circumstances such act or condition may be allowed and has given its prior written approval thereof.

Section 9. New Subdivision and Association. If at any time a new final map is recorded covering all or part of an existing Lot, and if concurrently with the recording of such map a declaration of restrictions is recorded which establishes for all of the land subject to such map, an association identical with or similar to one of the management bodies described in California Civil Code Section 1355(a), and said association establishes its own environmental control committee, any or all of the rights, powers and duties of the Environmental Control Committee under this Article VII may, but are not required to be, by resolution, delegated temporarily or permanently (but only with respect to the property over which such association has jurisdiction to the environmental control committee of such association, which shall function as an environmental control committee for such property in the manner hereafter described in this Article VII. The terms “Environmental Control Committee” and “Committee” as used herein, shall refer jointly and severally to the Environmental Control Committee of the Association and to any such committee established by such other association.

ARTICLE V - TRANSFER OF COMMON AREA TO ASSOCIATION

Section 1. Common Area. The Declarant shall transfer to Title Insurance and Trust Company, as Trustee (the “Trustee”) the Common Area described in Exhibit 3 hereto prior to sale of the first Lot in the Project. The Trustee shall convey the Common Area to the Association when and as provided in the Common Area Trust Agreement between Declarant and trustee, free and clear of all liens and encumbrances, except this

Declaration and easements and utility rights of record as of the date of the conveyance. All the Common Area shall be conveyed by the Trustee to the Association no later than June 1, 1975.

ARTICLE VI - USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the Properties is subject to the following restrictions, which restrictions shall be in favor of the Lots, the Owners of the Lots, the Common Area and the Association:

Section 1. Residential Use. No part of any residential Lot shall be used for other than private dwelling purposes and accessory uses and, in the case of multiple-residential Lots, facilities and services for occupants. The foregoing restrictions as to use shall not, however, be construed in such manner as to prohibit a Lot Owner from (a) maintaining personal professional library therein, or (b) keeping personal business or professional records or accounts therein, or (c) handling personal business or professional calls or correspondence therefrom, or (d) undertaking any other activity thereon when such activity has been expressly approved in advance by the Association, such activities being hereby expressly declared to be accessory uses.

Section 2. Maintenance by Owner. The Owners of the individual dwelling units shall be responsible for the maintenance of and shall maintain exteriors and interiors of their dwelling units, and the improvements on their Lots, including exterior and interior walls, windows, glass, ceilings, floors, and permanent fixtures, and appurtenances thereto, in a clean, sanitary and attractive condition, reserving to each Owner, however, complete discretion as to choice of furniture, furnishings and interior decorating.

The Owner of each Lot shall: (a) keep the same free from rubbish, litter and noxious weeds, (b) maintain, cultivate and keep in good condition and repair shrubs, trees, grass, lawns, plantings and other landscaping located or from time to time placed upon owner's Lot including those in areas between adjacent sidewalk and the street curbs, if any; (c) trim and restrain all trees, shrubs or plantings of any kinds so that they shall not be allowed to overhang or otherwise encroach upon, above or below any sidewalk, pedestrian way or street, between two feet below ground level and ten feet above ground level, unless prior approval of the Environmental Control Committee is obtained, (d) replace dead plants, shrubs, trees, grass or landscaping of the same or similar type, (e) maintain in good condition and repair and adequately painted or otherwise finished all structures and buildings located or from time to time placed upon owner's Lot, and (f) maintain all paved surfaces and keep them clean, reasonably dry and free of oil and other extraneous matter.

Section 3. Landscaping and Maintenance by the Association. The Association, and its authorized agents, shall have the right and the obligation (subject to the conditions herein stated) at any time, to plant, replace, maintain and cultivate shrubs, trees, grass, plantings and other landscaping on all or any portion of a Lot.

In the event an Owner shall fail to comply with the provisions of Section 2 of this Article VI, the Association shall notify such Owner in writing of such lack of compliance, which notice shall specify the nature of such lack of compliance. If such Owner fails to remedy such lack of compliance within five (5) days after receipt of such notice (or within such greater time period as may be specified in such notice), or, in the

alternative, fails to deliver written notice to the Board within five (5) days from receipt of such notice requesting a hearing before the Board with regard to the matters of non-compliance set forth in such notice, the Association or its authorized agents shall have the right to enter upon such Owner's Lot for the purpose of remedying the matters set forth in such notice, and shall not be liable for trespass in connection with such entry. If the Owner timely requests a hearing before the Board, the Board shall schedule a hearing and shall provide the owner with at least seven (7) days written notice as to the date, time and place thereof. At the hearing the Owner will have an opportunity to discuss with the Board the merits of the claims set forth in the Association's original notice of non-compliance and the Board will determine what action, if any, need be taken by the Owner. The decision of a majority of the members of the Board present at the hearing will be binding on the Association and the Owner. In the event it is determined that the Owner has not complied with the provisions of Section 2 of this Article VI, the Board shall establish a reasonable time within which the Owner shall so comply. If the Owner fails to so comply within such time period, the Association or its authorized agents shall then have the right to enter upon the Owner's Lot for the purpose of remedying such matters and shall not be liable for trespass in connection therewith. The cost to the Association of remedying the Owner's failure to comply with the provision of Section 2 of this Article VI, shall be assessed to the Owner and such assessment shall constitute an Emergency Assessment as provided in Article III hereof but shall not require the consent of the Members, or any percentage thereof, and shall be enforceable by suit against the Owner, or as a lien against such Owner's Lot in the event of non-payment, in the manner provided for by Article III of this Declaration.

No Owner shall remove, alter, or injure in any way any shrubs, trees, grass, plants or other landscaping placed upon owner's Lot by Declarant or the Association, or any living tree placed on owner's Lot by the Owner, except as may be required pursuant to such Owner's obligation under Section 2 of this Article VI, without the written consent of the Environmental Control Committee having first been obtained. The Association or its authorized agents shall have the right to enter upon any portion of the Properties, at any reasonable time, for the purpose of planting, replacing, maintaining or cultivating such shrubs, trees, grass or plantings, or otherwise remedying any default by an owner pursuant to Section 2 of this Article VI hereof and shall not be liable for trespass for so doing, providing such entry is in accordance with the provisions of this Section 3. In the event of a violation of this Section 3 by any Owner, the Association shall cause such tree to be replaced with another tree. The Owner of such Lot shall reimburse the Association for all expenses incurred by it in performing its obligations under this Section 3; provided, however, that with respect to the replacement of any tree, an Owner shall not be obligated to pay an amount in excess of the expenses which would have been incurred by the Association had it elected to replace the destroyed or removed tree with a tree of identical type and size.

Section 4. Signs. No sign or billboard of any kind (including but without limitation commercial or political signs) shall be displayed to the public view on any Residential Lot, except for (a) directional signs established by the Declarant or the Association, (b) such signs as may be required by legal proceedings, (c) residential identification signs of a combined total face area of seventy-two square inches or less for each lot, (d) during the time of construction of any residence or other improvement, one job identification sign not larger than eighteen by twenty-four inches in height and width and having a face area not larger than three square feet; and (e) not more than one "for sale" or "for rent" sign having a maximum face area of

one square foot; provided, however, that if at the time of any such desired use, the Association is providing “for sale” or “for rent” signs for the use of Lot Owners, the sign provided by the Association shall be used.

Section 5. Obnoxious and Offensive Activities. No obnoxious or offensive activity shall be carried on upon any Lot or any part of the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of their respective residential unit, or which shall in any way increase the rate of insurance.

Section 6. Temporary Structures. Unless approved in writing by the Environmental Control Committee, no structure of a temporary character, trailer, tent, shack, garage, barn, or other out-building shall be used on any Lot at any time as a residence, either temporarily or permanently. No trailer, camper, boat or similar equipment shall be permitted to remain upon any Lot, unless placed or maintained within an enclosed garage, or within the Common Area unless on a space designated for such use by the Association. Notwithstanding the provisions of this Section 6, the Declarant may construct and maintain temporary buildings, structures and vehicles on the Properties used only for construction and administration purposes. All such buildings shall be removed no later than the completion of the construction for which such buildings, vehicles or structures were constructed or placed upon the Properties. The Declarant may also construct, operate and maintain a sales office on the Common Area and model homes and sales office on the Lots, in connection with its continuing sales program; and in furtherance thereof, shall have an easement over all of the Common Area for ingress, egress and parking for itself, its agents, employees and prospective buyers of the Lots, such rights, uses and easements to continue so long as Declarant shall own at least one Lot and maintain an active sales program.

Section 7. Animals. Horses may be kept on all Lots north of the street designated as San Vicente Road on the final subdivision map of San Diego Country Estates 1, and may be ridden by the Lot Owners on all easements designated as bridle trails behind and between the houses, pursuant to Article VI I, Section 7 (c) of this Declaration, and in such areas as are designated by the Board for equestrian purposes. Rules and regulations for the keeping of horses in such areas shall be enacted by the Board. No horses may be kept on any Lot or Common Area south of the street designated as San Vicente Road on the final subdivision map of San Diego Country Estates 1.

Except as provided in the preceding paragraph of this Section 7, no animals, livestock, birds, fish or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or such other household pets as may be approved by the Association may be kept on the Lots, provided they are not kept, bred or maintained for any commercial purpose, or in unreasonable numbers.

Notwithstanding the preceding two paragraphs, no animals, horses or fowl may be kept on the Properties which result in an annoyance or are obnoxious to residents in the vicinity, and in any event, any Lot Owner shall be absolutely liable to each and remaining Owners, their Co-owners and/or dependents, guests and invitees, and to the Association, for any and all damage to person or property caused by any horses or pets brought upon or kept upon the Lots or the Common Areas by any Lot Owner or by members of owner’s Co-owners and/or dependents, guests or invitees. Upon the written request of Owner, the board

shall conclusively determine, in its sole and absolute discretion, whether, for purposes of this paragraph, a particular horse or the animal, bird, fowl, poultry, or livestock is a generally recognized house or yard pet, or a nuisance, or whether the number of horses or other animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein.

Section 8. Vehicles. No mobile home, trailer of any kind, truck, camper or boat shall be kept, placed, maintained, constructed, reconstructed or repaired, nor shall any motor vehicle be constructed or repaired upon any Lot or street in such a manner as will be visible from neighboring property. No stripped down, partially wrecked or junk motor vehicle, or sizeable part thereof, shall be permitted to be parked on any street or on any Lot in such a manner as to be visible to the occupants of other Lots or to the users of any street. No truck larger than 3/4 ton shall be parked for more than twenty-four hours on any Lot in such a manner as to be visible to the occupants of other Lots or the users of any street.

Section 9. Extraction of Minerals. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, or mineral excavations or shafts be permitted upon the surface of any portion of the Properties, or within five hundred (500) feet below the surface of the Properties, and no derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any portion thereof, except as shall be approved in writing by the Environmental Control Committee.

Section 10. Fences and Outbuildings. No fences, ornamental screens awnings, screen doors, sunshades, walls or hedges shall be erected or permitted upon the Properties, except as approved by the Environmental Control Committee. No building, including out-buildings, patios, fences and porches, shall be removed from or erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the exact location of the structure of improvements have been approved in writing by the Environmental Control Committee as to quality of workmanship and materials, harmony of external design with existing or planned structures and as to location. Any alteration in the exterior color scheme of any structural improvement shall be subject to the prior approval of the Environmental Control Committee. The prohibitions set forth herein and in Article IV of this Declaration shall not apply to the Declarant.

Section 11. Antennae and Power Lines. No towers, antennae, aerials, or other facilities for the reception or transmission of radio or television broadcasts or other means of communication shall be erected and maintained or permitted to be erected and maintained on any Lot or the Common Area except by installation inside of structures constructed on said Lot or Common Area, or by underground conduits. All other types of appliances or installations upon the roofs or sides of any dwelling situated upon a lot shall not be permitted unless they are approved by the Environmental Control Committee. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be constructed, placed or maintained anywhere in or upon any Lot, unless the same shall be contained in conduits or cables constructed, placed and maintained underground or concealed in, under or on buildings or other structures approved by the Environmental Control Committee.

Section 12. Debris and Outside Storage. All rubbish, trash and garbage shall be regularly removed from the Properties and shall not be allowed to accumulate thereon. All clothes-lines, refuse containers,

woodpiles, storage areas and machinery and equipment shall be prohibited upon any Lot, unless obscured from view of adjoining Lots and streets by a fence or appropriate screen approved by the Environmental Control Committee. No incinerators shall be kept or maintained on any Lot.

Section 13. Taxes and Utility Charges. Each Owner of a Lot shall pay any real and personal property taxes or charges assessed against owner's respective Lot, and the utility charges for said Lot.

Section 14. Restrictive Agreements. No Owner shall execute or file for record any instruments which imposes a restriction upon the sale, leasing or occupancy of Owner's dwelling unit based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating its uniform plan for the operation of a planned community development. Failure to enforce any provision herein shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

Section 15. Pests. No Owner shall permit any thing or condition to exist upon any portion of the Properties which shall induce, breed or harbor infectious plant diseases or noxious insects or vermin.

Section 16. Right of Entry. During reasonable hours, any member of the Environmental Control Committee, any member of the Board, or any authorized representative of any of them, shall have the right to enter upon and inspect any portion of the Properties and the improvements thereon for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reasons of such entry.

Section 17. Commercial and Professional Use. Subject to the provisions of Section 1 of this Article VI, and except in the area designed and zoned as Commercial Area, no gainful profession, occupation, trade or other non-residential use shall be conducted on any Lot or upon the Common Area, or any portion thereof. Nothing herein shall be deemed to prevent the leasing of any Lot from time to time by the Owner thereof for residential purposes only and subject to all of the provisions of the Declaration.

Section 18. Grades, Slopes and Drainage. No Owner of any Lot shall in any manner alter, modify or interfere with the grades, slopes or drainage on any Lot or on the Common Area without the express written permission of the Environmental Control Committee and then only to the extent and in the manner specifically approved. No structure, plantings, or other material shall be placed or permitted to remain on or within the Slopes, nor shall any other activities be undertaken by the Association or by any other persons which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow of drainage channels or obstruct or retard the flow of water through drainage channels.

Section 19. Garages. Any garage constructed on a Lot shall be of sufficient size to contain a minimum of two (2) standard-size American cars. Such garages shall have doors and the doors shall be kept closed at all times not required for ingress or egress of automobiles or other vehicles commonly stored therein.

Section 20. Water Softeners. All water softeners installed on a Lot must be commercially serviced. No Owner shall deposit or dispose, or permit to be deposited or disposed of any salts or other chemicals from said water softeners in the sewage systems.

Section 21. Residential Construction. No building, structure or improvement shall be constructed on any residential Lot south of San Vicente Road (Lots 288-505, inclusive, of San Diego Country Estates 1), unless said building, structure or improvement is a single residential unit of an area not less than 1,600 square feet under a full roof (exclusive of patios and porches), plus garages and other appurtenances. No building, structure or improvement shall be constructed on any residential Lot north of San Vicente Road (Lots 1-177, inclusive, and 179-284, inclusive, of San Diego Country Estates 1) unless said building, structure or improvement is a single-residential unit of an area not less than 1,200 square feet under a full roof (exclusive of patios and porches), plus garages and appurtenances. No Such building, structure or improvement shall be constructed without prior written approval by the Environmental Control Committee, of the plans and specifications therefor as set forth in Article IV hereof. The Environmental Control Committee may allow an exception to the size requirement set forth in this Section upon making a finding that because of unique and unusual physical features of the residential Lot in question, the construction of a 1,200 or 1,600 square foot structure, whichever is applicable, is not reasonably possible or practical.

Section 22. Use of Improvements During Construction; Diligence in Construction. No building, structure or other improvement upon any Lot shall be occupied until the same is completed and made to comply with the restrictions, covenants and conditions contained in this Declaration. Any building, wall, fence, structure or other improvement which is partially or totally destroyed, or damaged, by fire, earthquake or otherwise, shall be removed, repaired or replaced within a reasonable time after such destruction or damage occurs and subject to the requirements of this Declaration, by the then owner or owners of that portion of the Lot or Lots upon which the destroyed or damaged improvement was or is located. All work of construction, removal or repair of any building, wall, fence, structure or other improvement upon any Lot shall be prosecuted diligently and continuously from the time of commencement thereof until the same shall be fully completed except to the extent prevented by strikes, lockouts, boycotts, the elements, war, inability to obtain materials, acts of God or similar causes.

Section 23. Noise. No speaker, horn, whistle, bell or other similar sound facility or equipment shall be permitted upon any Lot which is capable of producing any sound in excess of 65 decibels measured at a point 100 feet from (i) the outside of a building within which the sound emanates or (ii) the speaker or other similar facility or equipment from which the sound emanates. No activity shall be undertaken or permitted upon any residential Lot, which activity causes any sound, whether intermittent, recurrent or continuous, in excess of 45 decibels measured at any point on the boundary line of the said Lot. Decibel measurements shall be the average of at least 3 and at most 5 decibel readings by a qualified engineer. The foregoing provisions of this Section 23 shall not, however, prohibit the installation or use of devices designed and used solely for security purposes.

Section 24. Cable Television. No cable television connection or facilities shall be installed or maintained on any Lot except by Declarant, its agents and assigns until such time as Declarant shall own no Lots whatsoever. The right to purchase any franchise available from the County of San Diego for cable

television facilities on the Lots or Common Area may be exercised only by Declarant or its assigns. Declarant and its agents shall have an easement over each Lot for the purpose of installing and maintaining cable television facilities.

Section 25. Parking and Street Obstructions. Parking of vehicles of any type whatsoever on any portion of the Private Streets shall be permitted only as set forth in the Rules promulgated by the Board. Each Owner covenants and agrees to do nothing which will in any manner prevent the Private Streets from at all times being free and clear of obstructions and in a safe condition for vehicular use. Trash cans and other rubbish containers shall not be allowed to be visible from any portion of any of the Private Streets except during the days on which rubbish is collected.

Section 26. Chemicals. The Environmental Control Committee shall have the power from time to time to determine that the use of particular chemicals on any one or more Lots constitute or would constitute a clear danger, and to publish the names of such chemicals and prohibit their use; no chemical so prohibited shall be used on or above any lot. Additionally the Environmental Control Committee may prohibit specified chemicals, including but not limited to pesticides and herbicides, from use on or above the open surface area of any lot, or above any lot, whether once or intermittently or continuously, if such chemical or any product or residue thereof does or may seep, drain, flow, drift or otherwise migrate into any natural or artificial waterway or body of water existing in the project, or into or above any part of the Common Area.

Section 27. Compliance with Laws. Each Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of Federal, State or municipal governments or authorities applicable to use and occupancy of and construction and maintenance of any improvements under the Lots.

Section 28. Exceptions. The restrictions set forth in this Article VI shall and do not apply to any of the following:

- (a) Any part of the Property except that part expressly described in Exhibit 1 hereto, or in Exhibit 2 or 3 hereto and expressly annexed to these covenants, conditions and restrictions as provided in Article IX hereof.
- (b) Any part of the Property which is a part of the Common Area, or which is owned by any public body, including, but not limited to, a School District.
- (c) Any act done or proposed to be done upon the Property, or any condition created thereon, by any governmental entity or agency, or the agents or employees of any governmental entity acting in the scope of their authority as such agents or employees.
- (d) Any act done or proposed to be done upon the Property, or any condition created thereon, by any utility company (including, but not limited to companies furnishing electric, gas, water, telephone, cable television, and/or sewer service to all or part of the property), or the agents or employees of any such company, which act could be done by such company were this Declaration not made.

(e) Any act done or proposed to be done upon the Property, or any condition created thereon, by Declarant, or its successors, assigns, agents, employees or contractors, in the course of planning for, preparing the property for and/or constructing upon the property streets, utilities, golf course, equestrian facilities, buildings and all other original improvements.

(f) Any act done or proposed to be done upon the Property, or any condition created thereon, which act or condition has been approved in advance by the Environmental Control Committee acting within its authority as set forth in article IV of this Declaration.

(g) Any act done or proposed to be done upon the property, or any condition created thereon, by any person -pursuant to court order, or the order of any public officer or public agency; provided, however, that only those which are the result of action initiated by public officers or agencies and which embody mandatory requirements with penalties for non-performance, and are not those orders which result from the application of private parties or are merely permissive.

ARTICLE VII EASEMENTS

Section 1. Use of the Common Area and Private Streets. Each Lot within the Properties subject to this Declaration is hereby declared to have a non-exclusive easement for enjoyment over all of the Common Area, a non-exclusive easement for ingress and egress over and through the Common Area and a non-exclusive easement for ingress and egress over and through the Private Streets and a non-exclusive easement for ingress, egress and enjoyment of the bridle trails reserved pursuant to Section 7 of this Article. Said easements are appurtenant to and shall pass with the title to every Lot. Said easements are for the benefit of the Lots, the Owners of the Lots, and each of them, their Co-owners and/or dependents, guests, invitees, tenants, contract vendees, and such other classes of persons as to whom the Board may, from time to time and subject to published rules and regulations, extend the privilege of use and enjoyment of the Common Areas and ingress and egress over the Private Streets, for all of the purposes and uses hereinabove set forth. In furtherance of the establishment of these easements, the individual grant deeds to the Lots and sales contracts for the Lots, may, but shall not be required to, set forth the foregoing easements. The right of Declarant and each lot owner, and of such owner's tenants and contracts vendees, to use and possess the Common Areas as set forth herein, shall be subject to and governed by the provisions of this Declaration, the Articles and the By-Laws, and such other rules and regulations as may hereafter be adopted by the Board from time to time. The Association shall have the authority to lease or to grant licenses or concessions with respect to all or any part of the Common Area and Private Streets, subject only to the provision of this Declaration, the Articles and By-Laws; provided, however, that any charges levied against the general public for any particular facilities shall not be less than charges levied against Lot owners for the same use of the same facilities.

Section 2. Encroachments. Each Lot within or upon the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, setting

or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 3. Easement for Access. Each Lot shall be subject to an easement in favor of each adjoining Lot for access to make necessary repairs upon said adjoining Lots and structures thereon; provided, however, that:

- (1) Any damage caused by such entry shall be repaired at the expense of the Owner whose property was the object of the repair work which led to such entry;
- (2) Any such entry shall be made only at reasonable times and with as little inconvenience as possible to the Owner of the entered Lot; and
- (3) In no event shall said easement be deemed to permit entry into the interior portions of any residence.

Section 4. To the Association. There is hereby reserved to Declarant, the Environmental Control Committee and the Association, their agents and employees, such easements as are necessary to perform the duties and obligations of the Association and Environmental Control Committee as are set forth in this Declaration, or in the By-Laws, the Articles, the Association Rules, or the Environmental Control Committee Rules, including, but not limited to, the right of access at all reasonable hours to any part of the property or project, and to any structures being built thereon, for the purpose of inspection relative to compliance with this Declaration.

Section 5. Covenants Running with the Land. Each of the easements provided for in this Declaration shall be deemed to be established upon the recordation of this Declaration, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Lots and the Common Area, as the case may be, superior to all other encumbrances applied against or in favor of any portion of the Properties which are the subject of this Declaration. In furtherance of the easements provided for in this Declaration the individual grant deeds to Lots may, but shall not be required to, set forth said easements.

Section 6. Utility Easements. The rights and duties of the Owners of the Lots within the Properties with respect to sanitary sewers and water, electricity, gas, and telephone shall be governed by the following:

- (a) Whenever sanitary sewer house connections and/or electricity, gas, water or telephone lines are installed within the Properties, which connections or any portion thereof lie in or upon Lots owned by others than the Owners of the Lot served by said connections, the Owners of any Lot served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon Lots or to have the utility companies enter upon the Lots within the Properties in or upon which said connections, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below.

(b) Whenever sanitary sewer house connections and/or water house connections or electricity, gas or telephone lines are installed within the Properties, which connections serve more than one Lot, the Owner of each Lot served by said connections shall be entitled to full use and enjoyment of such portions of said connections as service Owner's lot.

(c) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute and make a Special Assessment against any or all of the Owners involved, which shall constitute a Special Assessment within the meaning of Article III of this Declaration, but shall not require the consent or approval of the Members of the Association, or any percentage of them.

Section 7. Easements Reserved by Declarant. Declarant excepts and reserves for itself, its successors and assigns, and declares that upon the conveyance by it of any Lot there is reserved and excepted the following easements, which are non-exclusive and in gross and appurtenant to the Property:

(a) All easements which are delineated on the recorded final subdivision map of San Diego Country Estates for the purposes described for each such easement on said map.

(b) An easement over and upon an area ten feet wide inside the front, rear and side property lines of each Lot, for the purpose of installing and maintaining utilities not delineated on the final subdivision map of San Diego Country Estates.

(c) An easement over and upon an area ten feet wide inside the front, rear and side property lines of each Lot for the purpose of installing and maintaining bridle trails for the use of all Lot owners.

(d) An easement over, upon and under all the Property for a period of two years, after the first sale of any Lot on the Property, for the purposes of construction, maintaining and retaining all improvements on the Property now or hereafter planned to be constructed on the Property by Declarant or required to be constructed on the Property by any municipal or governmental agency.

Within these easements no structure, planting or other material shall be placed or permitted to remain which damages or interferes, or which may have the ability at any time to damage or interfere, with the use of the easements for the purposes described except as expressly approved in writing, by the Environmental Control Committee. In particular, without limited the generality of the foregoing, no structure, planting or the material shall be placed or permitted to remain which may interfere with the installation, use or maintenance, within the easements, of utilities, or which may obstruct, retard, accelerate or change the direction of the flow of water through drainage channels in the easements, or which may damage or interfere with established slope ratios. All such structures, planting or other material as may exist from time to time within the easements shall be maintained continuously by the owner of the lot subject to the easement, except only those structures for which a public entity or utility company is responsible.

ARTICLE VIII - DAMAGE AND DESTRUCTION AFFECTING COMMON AREA

Section 1. If all or any portion of the Common Area is damaged or destroyed by fire or other casualty and the cost of repairing or rebuilding the portion of the Common Area so damaged or destroyed does not exceed the amount of insurance proceeds available to the Association, the Board shall be authorized and required without the consent or approval of the Members, to contract to repair or rebuild the damaged portions of the Common Area so damaged or destroyed does not exceed the amount of insurance proceeds available to the Association, the Board shall be authorized and required without the consent or approval of the Members, to contract to repair or rebuild the damaged portions of the Common Area substantially in accordance with the original plans and specifications therefor. If said costs exceed the amount of insurance proceeds available, neither the Board, the Association, or any agent or employee thereof, shall be required or permitted to take any action to repair or rebuild the damaged portions, or to cause the damaged portions to be repaired or rebuilt without the written consent of at least fifty-one percent (51%) of votes allowed to the members of each class as to the manner of repair or reconstruction and the payment therefor. Notwithstanding the provisions of Section 5 and 6 of Article III, this Article shall govern the vote required for payment for repairs and reconstruction under this Article. The Members may, by said vote, establish an assessment (“Casualty Assessment”) which shall be enforceable by the Association in the manner set forth in Section 9 of Article III hereof.

ARTICLE IX - ANNEXATION

Section 1. Annexation by Consent of Members. Additional residential property, commercial properties and/or common area described in exhibit 2 hereto may be annexed to this Declaration with the prior written consent of two-thirds of the Class A members.

Section 2. Annexation by Declarant. All or any part of that certain property described in Exhibit 2 which is attached hereto and by this reference made a part hereof, may be annexed by Declarant, without the consent of the Members, within three (3) years after the date of issuance by the California Department of Real Estate of the last public report for any portion of the project, so long only as:

- (a) Such annexation is in accordance with a general development plan submitted to the County of San Diego, and
- (b) A separate Declaration of Annexation is recorded in the Office of the County Recorder of San Diego County, California, containing at least the following:
 - (1) A legal description of the annexed property; the names and addresses of the record owner or owners of said property; the names and addresses of the beneficiaries and trustees of all mortgages and trust deed which constitute liens against the property as of the date said Declaration is so recorded, and
 - (2) A statement submitting the annexed property to this Declaration, which shall be referred to by title and date, book and page of recording, and

(3) A statement of the use restrictions imposed upon the annexed property as a part of the general plan for the Project, which restrictions may be the same as or different than those set forth in Article VI hereof; or a statement that there are no use restrictions, and

(4) A statement submitting the annexed property to the control of the Environmental Control Committee established in Article VII hereof.

Section 3. Annexation of the Commercial Area. At such time as Lot 178 of San Diego Country Estates 1, the “Commercial Area”, or any part thereof, shall be annexed, such annexation shall be made in one-half acre parcels (which parcels may be part of a single Lot, or one of more single Lots) and each such parcel shall have all of the rights and obligations of a single Lot under this Declaration; for example, each parcel shall have one membership and shall be subject to one assessment.

ARTICLE X

ACCEPTANCE BY GRANTEES

Each grantee, by the acceptance of a deed of conveyance, and each purchaser under any contract for such deed, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and potential liens, charges, and to the jurisdiction, right and power created or reserved by this Declaration, and all rights, benefits and privileges of each character hereby granted, created, reserved or declared, or implied in those rights, benefits and privileges hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to the covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such owner in like manner as though the provisions of this declaration were recited and stipulated at length in each and every such deed and contract.

ARTICLE XI ENFORCEMENT

In the event of any default by any owner under the provisions of this Declaration, the Articles, the By-Laws, or the Rules and Regulations of the Association, and upon any failure of Owner to comply with any requirement or restriction set forth in this Declaration, the Association and its successors and assigns, and the Board and its agents, or any of them, shall have all the rights and remedies which may be provided for in this Declaration, the Articles, the By-Laws, said Rules and Regulations, or which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Owner and/or other persons for enforcement of any lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction or specific performance, or for judgment of payment of money and collection thereof, or the right to take possession of the Lot and to sell the same as hereinabove provided, or for any combination of remedies, or for any other relief. All expenses of the Association in connection with such actions or proceedings, including court costs and attorneys' fees, and all damages, liquidated or otherwise, together with interest thereon at the maximum legal rate until paid, shall be charged to and assessed against such defaulting or non-complying Owner, and shall be added to and

deemed part of Owner's or its respective share of the common expenses, for which the Association shall have a lien as provided in Article III hereof. Said lien shall be upon the Lot, the interest of the lot owner in the Association and upon the Lot, the interest of the lot owner in the Association and upon all of such owner's additions and improvements to the Lot. In the event of any such default by any Owner, the Association and the Board, and the agents of each, shall have the authority to correct such default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such defaulting Owner. Any and all such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or by the Board.

Should any Member institute suit against the Association, and should the Association be successful or sustained in its position in such suit, then such Member shall be required to reimburse the Association for its legal expenses incurred, including but not limited to attorneys' fees, fees of experts, court costs and other expenses reasonably incurred by the Association, and the amount to which the Association is entitled to be so reimbursed shall be an obligation of the Owner and lien against Owner's Lot as provided in and enforced by the provisions of Article III hereof.

ARTICLE XII GENERAL PROVISIONS

Section 1. Corporate Reorganization. Upon a merger or consolidation of the Association with any other corporation or association, the Properties of the Association, its rights and obligations may, by operation of law, be transferred to another surviving or consolidated corporation or association, or alternatively the properties, rights and obligations of another corporation or association, or alternatively the properties, right and obligations of another corporation or association, may, by operation of the of law, be added to the Properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated corporation or association may administer the covenants and restrictions established by this Declaration together with the covenants and restrictions established upon any other properties, as one scheme.

Section 2. Amendments. This Declaration may be amended at any time by an instrument signed by Members of the Association representing not less than seventy-five percent (75%) of the total real property (excluding the Common Area), then subject to this Declaration; provided, however, that all lienholders of record have been notified by certified mail of such amendment by the Board and an affidavit certifying to such mailing is made a part of such recorded amendment. Any amendment must be recorded prior to becoming effective. Declarant reserves the right, for a period of six (6) months after the recordation of this Declaration, and without the vote or approval of the Members of the Association, to amend this declaration in any manner required to conform with the requirements of the San Diego County counsel, the California Department of Real Estate or any other governmental body or agency having jurisdiction, so as to meet the requirements of such body or agency for their approval of this Declaration.

Notwithstanding the provisions of the foregoing paragraph, if by law, any different consent or agreement is required for any action, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be effective only if taken and made as required by law.

No provision in this Declaration may be changed, modified or rescinded so as to conflict with the provisions of any law.

No amendment or termination of this Declaration which does not apply to all of the property then covered by this Declaration shall be made or recorded as to any portion of the Property without the written consent of all of the record Owners of such affected portion; or in the case of the Common Area, or any Lot or part of a Lot as to which a management body has been created as described in Article 11 hereof, without the written consent, pursuant to resolution adopted by its Board of Directors, of the corporation charged with the management of such property.

Section 3. Notices. Notices provided for in this Declaration shall be in writing and shall be addressed to persons intended to receive the same, at the following address:

SAN DIEGO COUNTRY ESTATES ASSOCIATION	<u>R.R. 1. Box 7000</u> <u>Ramona, California 92065</u>
ENVIRONMENTAL CONTROL COMMITTEE	<u>R.R. 1. Box 7000</u> <u>Ramona, California 92065</u>
DECLARANT:	<u>The Bank of California as Trustee of</u> <u>Subdivision Trust #80106</u> <u>845 South Figueroa Street</u> <u>Los Angeles, California 90017</u> <u>Attn: Mr. Hal Billings</u>

And

SAN DIEGO COUNTRY ESTATES CO.	<u>9255 Sunset Boulevard, Suite 625</u> <u>Los Angeles, California 90069</u>
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OWNERS: at the address of the Lot or Lots owned by the Owner or such other address as may be designated herein. The Declarant, the Association, and the Environmental Control Committee may designate a different address or addresses for notices to it giving written notice of such change of address to all Members of the Association. Any owner may designate a different address or addresses for notice to Owner by giving written notice of owners' change of address to the Association. Notice addressed as above provided shall be deemed delivered when mailed by United States mail, return receipt requested, or when delivered in person with written acknowledgement of the receipt thereof. Any notice to Members of a meeting of the Association shall be given in accordance with the By-laws and at least fifteen (15) but not more than sixty (60) days before the meeting.

Upon written request, the holder of any recorded mortgage or deed of trust encumbering any Lot shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose property is subject to such mortgage or deed of trust.

Section 4. Severability. If any provision of this Declaration, the Articles, or the By-laws, or any section, sentence, clause, phrase or word, or the application thereof in any circumstances, is held invalid, the validity of the remainder of the Declaration, Articles and By-laws, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

Section 5. Successors of Declarant. Each and every right and obligation of declarant under this Declaration shall inure to the benefit of and be binding upon the successors of Declarant as owner of the property.

Section 6. Inapplicability to Property of Public Entity. The provisions hereof shall be inapplicable to any property now owned or hereafter acquired by the State of California or a political subdivision thereof.

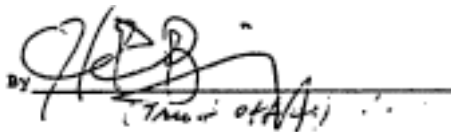
Section 7. Violation and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any owner or Owners of Lots.

Section 8. Violation of Law. Any violation of any state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any of the Properties is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 9. Notification of Sale of Lot. Concurrently with the consummation of the sale of any Lot under circumstances whereby the transferee becomes an Owner thereof or within five (5) business days thereafter, the transferee shall notify the Association in writing of such sale. Such notification shall set forth (i) the name of the transferee and the Owner's transferor, (ii) the street address of the Lot purchased by the transferee, (iii) the transferee's mailing address, and (iv) the date of sale. Prior to receipt of such notification, any and all communications required or permitted to be given by the Association, the Board or the Environmental Control Committee shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. WHEREFORE, this Declaration for Planned Development is made by Declarant on

, 1972.

THE BANK OF CALIFORNIA, National Association, as
Trustee of Subdivision Trust #80106

By  (Trustee of A/C)

EXECUTION OF THE RE-STATEMENT OF THE DECLARATION OF SDCE

TO 449 C
(Corporation)

(11)

STATE OF CALIFORNIA
COUNTY OF Los Angeles } ss.

On September 15, 1972 before me, the undersigned, a Notary Public in and for said State, personally appeared H. B. Billings known to me to be the Trust Officer President, and _____ knows to me to be the _____ Secretary of the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: _____
Name (Typed or Printed)



(This area for official notarial seal)

SAN DIEGO ESTATES CO., a partnership

By: Vicento Estates, Inc.

By Will Seiden
President

By Eugene B. Seiden
Secretary

TO 449 C
(Cooperation as a Partner of a Partnership)

(11)

STATE OF CALIFORNIA
COUNTY OF Los Angeles } ss.

On September 15, 1972 before me, the undersigned, a Notary Public in and for said State, personally appeared William S. Watt known to me to be the President and Eugene B. Seiden known to me to be the Secretary of Vicento Estates, Inc. the corporation that executed the within instrument and known to me to be the person who executed the within instrument on behalf of said corporation, and cooperation being known to me to be one of the partners of SAN DIEGO ESTATES CO. the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same in each partner and that such partnership executed the same.

WITNESS my hand and official seal.
Signature: Patricia M. Goshring
Name (Typed or Printed)



(This area for official notarial seal)

By Will Seiden
Vice-President

By Eugene B. Seiden
Secretary

TO 449 C
(Cooperation as a Partner of a Partnership)

(11)

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES } ss.

On September 15, 1972 before me, the undersigned, a Notary Public in and for said State, personally appeared William S. Watt known to me to be the Vice-President and Eugene B. Seiden known to me to be the Secretary of Angas Corp. the corporation that executed the within instrument and known to me to be the person who executed the within instrument on behalf of said corporation, and cooperation being known to me to be one of the partners of SAN DIEGO ESTATES CO. the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as each partner and that such partnership executed the same.

WITNESS my hand and official seal.
Signature: Patricia M. Goshring
Name (Typed or Printed)



(This area for official notarial seal)

Exhibit 1

That certain real property in the County of San Diego, State of California, described as follows:

Lots 1 to 177, inclusive, Lots 179 to 284, inclusive, Lots 288 to 464, inclusive, Lots 479 to 484, inclusive, and Lots 495 to 516, inclusive, of San Diego Country Estates I as per the map thereof recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County; and

That portion of Section 29, Township 13 South, Range 2 East, San Bernardino Meridian, according to the United States Government Survey approved January 15, 1892, and that portion of Rancho Canada de San Vicente y Mesa del Padre Barona, as shown on the Map of the Subdivision of said Rancho in accordance with the United States Government System of Land Survey made by Vitus Wackenreuder, being Map No. 858, filed in the Office of the County Recorder of said County, April 29, 1899, described as a whole as follows:

Beginning at Rancho Corner 13-12; thence along course 13 of said Rancho, South $31^{\circ}37'25''$ West 1051.60 feet; thence South $39^{\circ}53'21''$ West 200.93 feet; thence South $16^{\circ}43'31''$ West 199.24 feet; thence South $31^{\circ}01'00''$ West 571.93 feet; thence North $79^{\circ}24'30''$ West 191.58 feet; thence North $64^{\circ}48'33''$ West 216.89 feet; thence North $44^{\circ}39'00''$ West 377.28 feet; thence North $19^{\circ}50'23''$ West 353.15 feet; thence North $48^{\circ}17'40''$ West 220.24 feet; thence South $39^{\circ}45'30''$ West 220.00 feet to a point on a curve concave southwesterly and having a radius 415.00 feet, a radial line of said curve to said point bears North $39^{\circ}45'30''$ East; thence Northwesterly along said curve through a central angle of $19^{\circ}13'50''$ an arc distance of 139.29 feet, thence tangent to said curve, North $69^{\circ}28'20''$ West 40.73 feet to the beginning of a tangent curve concave easterly and having a radius of 20.00 feet; thence Northwesterly, Northerly and Northeasterly along said curve through a central angle of $92^{\circ}14'26''$ an arc distance of 32.20 feet to a point on a compound curve concave southeasterly and having a radius of 1299.00 feet, a radial line of said curve to said point bears North $67^{\circ}13'54''$ West; thence Northeasterly along said curve through a central angle of $28^{\circ}56'14''$ an arc distance of 656.06 feet; thence tangent to said curve North $51^{\circ}42'20''$ East 1113.05 feet to the beginning of a tangent curve concave northwesterly and having a radius of 2051.00 feet; thence Northeasterly along said curve through a central angle of $6^{\circ}45'00''$ an arc distance of 241.63 feet; thence tangent to said curve, North $44^{\circ}57'20''$ East 236.28 feet; thence South $46^{\circ}54'11''$ East 917.32 feet to the point of beginning, together with an easement for ingress and egress across a strip of land 102.00 feet in width lying 51.00 feet on each side of the following described centerline:

Beginning at the northerly terminus of that course shown as North $44^{\circ}57'20''$ East 236.28 feet in the above described parcel; thence North $45^{\circ}02'40''$ West 51.00 feet to the True Point of Beginning; thence South $44^{\circ}57'20''$ West 236.28 feet to the beginning of a tangent curve concave northwesterly and having a radius of 2000.00 feet; thence southwesterly along said curve through a central angle of $6^{\circ}45'00''$ an arc distance of 235.62 feet; thence tangent to said curve, South $51^{\circ}42'20''$ East 1113.05 feet to the beginning of a tangent curve concave southeasterly and having a radius of 1350.00 feet; thence southwesterly along said curve through a central angle of $47^{\circ}16'20''$ an arc distance of 113.83 feet; thence tangent to said curve, South $04^{\circ}26'00''$ West 432.00 feet to the beginning of a tangent curve concave westerly and having a radius of 3200.00 feet; thence southerly along said curve through a central angle of $36^{\circ}09'00''$ an arc distance 2019.00 feet to the intersection with the northerly boundary of San Diego Country Estates I as per the map thereof recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County.

Exhibit 2

PARCEL I (Hughes 665 acre):

That parcel of land in the County of San Diego, State of California, being that portion of Section 28, Township 13 South, Range 2 East, San Bernardino Meridian according to United States Government survey approved December 12, 1881 and that portion of Section 29, Township 13 South, Range 2 East San Bernardino Meridian according to United States Government survey approved January 15, 1892 and that portion of Rancho Canada de San Vicente y Mesa del Padre Barona, as shown on the map of the subdivision of said Rancho in accordance with the United States Government system of land survey made by Vitus Wackenreuder, being Map No. 858, filed in the Office of the County Recorder of said County, April 29, 1899, described as a whole as follows:

Beginning at the Northwest corner of the Southwest quarter of the Northeast quarter of said Section 29; thence Easterly along the Northerly line of said Southwest quarter of the Northeast quarter of Section 29, and along the Northerly line of the Southeast quarter of the Northeast quarter of Section 29, and the Southwest quarter of the Northwest quarter of Section 28 to the Northeasterly corner of said Southwest quarter of the Northwest quarter of Section 28; thence Southerly along the Easterly line of said Southwest quarter of the Northwest quarter and along the Easterly line of Lot 1 of said Section 28 to a point on the Northerly boundary of Rancho Canada De San Vicente y Mesa Del Padre Barona, according to survey approved January 15, 1892; thence along the boundary of said Rancho, Easterly and Southeasterly to an intersection with the easterly line of the Southwest quarter of said Section 28; thence Southerly along the Easterly line of said Southwest quarter of said Section 28, and along the Easterly line of the Northwest quarter of said Section 33 to the Southeasterly corner thereof; thence Westerly along the Southerly line of said Northwest quarter to the Southwesterly corner thereof; thence Northerly along the Westerly line of said Northwest quarter to a point distant North $00^{\circ} 23' 00''$ East 4191.95 feet from the Southeast corner of said Section 32, being the most Northerly corner of land conveyed by deed to the San Vicente Land Co. recorded November 7, 1956 Instrument No. 157551, Book 6331, Page 351 of Official Records, being the most Northerly corner of land shown on record of survey Map No. 3985, filed in the Office of the County Recorder of San Diego County; thence along the Northwesterly boundary of said land and said record of survey Map No. 3985 as follows: South $72^{\circ} 05' 1''$ West 607.35 feet to the beginning of a tangent curve concave Northerly, having a radius of 160 feet; Westerly along said curve through a central angle of $16^{\circ} 48' 00''$ a distance of 46.91 feet; thence South $88^{\circ} 53' 00''$ West 181.38 feet to the beginning of a tangent curve, concave Southerly having a radius of 217.66 feet; thence Westerly along the arc of said curve through a central angle of $10^{\circ} 30' 00''$ a distance of 39.89 feet; thence South $78^{\circ} 23' 00''$ West 290.00 feet to the beginning of a tangent curve, concave Southeasterly having a radius of 230.48 feet; thence Westerly and Southeasterly along the arc of said curve through a central angle of $36^{\circ} 03' 00''$ a distance of 145.02 feet; thence South $42^{\circ} 20' 00''$ West 112.23 feet to the beginning of a tangent curve, concave Easterly having a radius of 100.00 feet; thence Southwesterly and Southerly along the arc of said curve through a central angle of $60^{\circ} 02' 00''$ a distance of 104.78 feet; thence South $170^{\circ} 42' 00''$ East 63.75 feet to the beginning of a tangent curve, concave Westerly having a radius of 85.00 feet; thence Southerly along the arc of said curve through a central angle of $48^{\circ} 43' 00''$ a distance of 72.27 feet; thence South $31^{\circ} 01' 00''$ West 151.52 feet to the beginning of a tangent curve concave Northeasterly having a radius of 100.00 feet; thence along said curve Southerly to an

intersection with the Northerly boundary of land conveyed in Parcel 1 of Deed to William M. Patch et ux, recorded December 22, 1948, Instrument No. 126316, Book 3058, Page 237 of Official Records; thence along said Northerly boundary, South 71°31'40" West to an angle point therein; thence South 43°35'30" West 235.15 feet; thence North 79°30'20" West 166.85 feet; thence South 61°34'50" West 619.25 feet; thence South 85°05'05" West 299.07 feet; thence South 61°19'45" West 175.86 feet to an angle point in said boundary; thence Northerly in a straight line to the point of beginning.

Excepting therefrom all that portion of the Northwest quarter of Section 33, township 13 South, Range 2 East, San Bernardino Meridian conveyed to Allan Sickler and wife by Deed dated October 6, 1952 and recorded in Book 4676, Page 222 of Official Records, lying within the boundaries of the Rancho Canada de San Vicente y Mesa del Padre Barona, as shown on the map of the subdivision of said Rancho in accordance with the United States System of Public Land Surveys made by Vitus Wackenreuder, December 1869, being Map no. 858, filed in the Office of the Recorder of said San Diego County April 29, 1899, described as follows:

Commencing at the Northeast corner of Section 8, Township 14 South, Range 2 East, San Bernardino Meridian, thence along the Easterly boundary lines of Section 5, Township 14 South, Range 2 East and Section 32, Township 13 South, Range 2 East, San Bernardino Meridian, North 0°03'00" West 9280.86 feet to a 2 inch iron pipe -re Tag 2244-; thence South 70°41'30" East 2306.18 feet to the true point of beginning; thence South 89°32'30" East 370.00 feet to the East line of said Northwest quarter of Section 33; thence North 0°27'30" West along said line, 1450.00 feet; thence South 89°32'30" West 370.00 feet; thence South 0°27'30" East 1250.00 feet to the true point of beginning.

PARCEL II (Hughes 2,000 Acre):

Lots 2, 5A 7 and 8 in section 29 and Lot 2 in section 30 of Township 13 South, Range 2 East, San Bernardino Meridian, in the County of San Diego, State of California, according to United States Government survey approved January 15, 1892.

Excepting therefrom any portion lying within Rancho Canada de San Vicente y Mesa Del Padre Barona, according to map thereof attached to the record of the patent in Book 2, Page 480 of patents and the map of the purported subdivision of said Rancho, according to survey by Vitus Wackenreuder made in December 1869, Map No. 858, filed in the Office of the County Recorder of San Diego County, April 29, 1899.

PARCEL III (Hughes 2,000 Acre);

Those portions of the Rancho Canada de San Vicente y Mesa del Padre Barona in the County of San Diego, State of California, as shown on the map of the subdivision of said Rancho in accordance with the United States Government system of land survey made by Vitus Wackenreuder, being Map No. 858, filed in the Office of the County Recorder of said County, April 29, 1899, described as follows:

The fractional Southeast quarter of Section 25; the fractional Northeast quarter; the East half of the Southeast quarter and the Southwest quarter of the Southeast quarter of Section 36; all in Township 13 South, Range 1 East, the fractional Southeast quarter of Section 19; the fractional South half of Section 20; the fractional Southwest quarter and the fractional Northwest quarter of Section 29; the fractional South

half and fractional Northeast quarter of Section 30; the fractional North half of Section 31 and the fractional South half of Section 31 and the Northwest quarter and the North half of the Southwest quarter of Section 32, all in Township 13 South, Range 2 East, San Bernardino Meridian.

Excepting those portions lying within the exception Parcels “A”, “B” and “C” described below.

Exception Parcel “A”:

The following described real property located in the Southwest quarter of Section 30 of township 13 south, Range 2 East, as follows:

Commencing at the Northeast corner of the Southwest quarter of Section 30 of said Township 13 South, Range 2 East; thence Southerly 500 feet; thence West 437.1275 feet; thence North 500 feet; thence east 437.1275 feet to the point of the beginning.

Exception Parcel “B”

All that portion of Section 36, Township 13 South, Range 1 East, and of Section 31, Township 13 South, Range 2 East, of the Rancho Canada de San Vicente y Mesa del Padre Barona, as shown on the map of the subdivision of said Rancho in accordance with the United States System of Public Land Surveys made by Vitus Wackenreuder, December 1869, being Map No. 858, filed in the Office of the County Recorder of San Diego County, April 29, 1899, described as follows:

Beginning at the center of said Section 36, Township 13 South, Range 1 East, thence North 4°16' East 355.73 feet; thence South 86° 37' East 197.35 feet; thence North 73° 23' East 325.39 feet; thence North 56° 23' East 676.14 feet; thence North 79°43' East 342.45 feet; thence North 89°51'30” East 679.30 feet; thence North 52°54'30” East 389.10 feet; thence North 80° 12' East 203 feet; thence South 86° 18' East 291.67 feet; thence South 69°25' East 334.50 feet; thence South 62°15' East 319.35 feet; thence South 70°58,30” East 225.30 feet; thence South 55°9' East 157.35 feet; thence South 81°57' East 131.40 feet; thence South 21° 13' East 418 feet; thence South 70°01' East 113.20 feet; thence due South 276 feet to a point on the South line of the Northwest quarter of Section 31, Township 13 South, Range 2 East, thence North 89°49'30” West along said South line, 1552.72 feet to the West quarter corner of said Section 31; thence North 89°49'30” West along the South line of the Northeast quarter of Section 36, Township 13 South, Range 1 East, 2636.45 feet to the point of the beginning.

Exception Parcel “C”:

Beginning at the Northeast corner of Section 8, Township 14 South, Range 2 East, San Bernardino Meridian; thence along the Easterly line of Section 5; Township 14 South, Range 2 East, San Bernardino Meridian, and the prolongation thereof North 00°03'00” West 9280.86 feet to a 2 inch iron pipe - re Tag 2244-, said point being the true point of beginning; thence South 60°03'15” West 983.23 feet to a 2 inch iron pipe -re Tag 2244-; thence South 71° 31'40” West 829.63 feet to a 2 inch iron pipe -re Tag 2244-; thence South 43°35'30” West 235.15 feet to a 2 inch iron pipe -re Tag 2244-; thence North 79°30'20” West 166.85 feet to a 2 inch iron pipe -re Tag 2244-; thence South 61°34,50” West 619.25 feet to a 2 inch iron pipe -re Tag 2244-; thence South 85°05'05” West 299.07 feet to a 2 inch iron pipe -re Tag 2244-; thence South 61°19'45” West

175.86 feet to a 2 inch iron pipe -re Tag 2244-; thence South 09°33'05" East 884.95 feet to a 2 inch iron pipe -re Tag 2244-; thence South 54°51'20" West 621.11 feet to a 2 inch iron pipe -reTag 2244-; thence North 45°52'40" West 656.18 feet to a 2 inch iron pipe -re Tag 2244-; thence South 77°10'00" West 1649.01 feet to a 2 inch iron pipe -re Tag 2244-; in the Northerly prolongation of the Westerly line of Section 5, Township 14 South, Range 2 East, San Bernardino Meridian, distant thereon North 00°03'00" West, 6923.18 feet from the Northwesterly corner of Section 8, Township 14 South, Range 2 East, San Bernardino Meridian; thence along said prolongation of the Westerly line of Section 5, South 00°03'00" East 242.88 feet to the Northwesterly corner of the South half of the South half of the fractional Section 32, Township 13 South, Range 2 East, San Bernardino Meridian within the boundary of said Rancho; thence along the North line of said south half of the South half of Section 32, East 2701.94 feet to the Northeast corner of the West half of the South half of the South half of said Section 32; thence along the quarter section line of said Section 32, North 00° 03'00" West 1320 feet to the center of the said Section 32; thence along the Northerly line of the Southeast quarter of said Section 32, 2701.94 feet to a point in said Northerly prolongation of the Easterly line of Section 5, Township 14 South, Range 2 East, San Bernardino Meridian; thence along said prolongation of the Easterly line of Section 5, North 00°03'00" West 1360.86 feet to the true point of beginning.

Also excepting those portions of Section 29 and the Northwest quarter of Section 32 as described in parcels 1 and 2 above lying Easterly of the following described line:

Beginning at the Northeast corner of Section 8, Township 14 South, Range 2 East, San Bernardino Meridian; thence along the Easterly line of Section 5, Township 14 South, Range 2 East, San Bernardino Meridian, and the prolongation thereof North 00°03'00" West 9280.86 feet to a 2 inch iron pipe -re Tag 2244-; thence South 60°03'15" West 983.23 feet to a 2 inch iron pipe -re Tag 2244-; thence South 71°31'40" West 829.63feet to a 2 inch iron pipe -re Tag 2244-; thence South 43°35'30" West 235.15 feet to a 2 inch iron pipe -re Tag 2244-; thence North 79°30'20" West 166.85 feet to a 2 inch iron pipe -re Tag 2244-; thence South 61°34'50" West 619.25 feet to a 2 inch iron pipe-reTag 2244-; being the true point of beginning thence South 85°05'05" West 299.07 feet to a 2 inch iron pipe -re Tag 2244-; thence South 61°19'45" West 175.86feetto a 2 inch iron pipe-reTag 2244-; thence Northerly in a straight line to the Northwest corner of the Southwest quarter of the Northeast quarter of said Section 29.

PARCEL IV (Union Oil):

That portion of the Rancho Canada de San Vicente y Mesa del Padre Barona, lying within the Southeast quarter of Section 28, the Northeast quarter of Section 33 and lying within all of Section 34, all in Township 13 South, Range 2 East, San Bernardino Base and Meridian, in the County of San Diego, State of California, according to map thereof of said Rancho No. 858, filed in the Office of the County Recorder of San Diego County, April 29, 1899.

Also, Lots 1, 2 and 7 in Section 34, Township 13 South, Range 2 East, San Bernardino Base and Meridian, in the County of San Diego, State of California, according to United States Government survey, approved December 12,1881.

Excepting an undivided 1/2 interest covering all coal, oil, oil shale, gas phosphate, sodium and other mineral deposits in said land, as reserved by C. Melvin McCuen Augusta Droge McCuen, husband and wife, by deed recorded May 23, 1955 in Book 5651, Page 525 of Official Records, San Diego County.

PARCEL V (Barnett):

Those portions of the Rancho Canada de San Vicente y Mesa del Padre Barona, in the County of San Diego, State of California, according to the extension the United States system of surveys over said Rancho as shown on map of the subdivision of said Rancho made by Vitus Wackenreuder, December 1869, being Map No. 858, filed in the Office of the County Recorder of San Diego County, April 29, 1899, described as follows:

The East one half of fractional Section 35, Township 13 South, Range 1 East, San Bernardino Base and Meridian. The Northwest quarter of the Southeast quarter; the fractional Northwest quarter, and the fractional Southwest quarter of Section 36, Township 13 South, Range 1 East, San Bernardino Base and Meridian. Excepting that portion of said Southwest quarter of Section 36 described as follows:

Beginning at the common corner of Sections 1 and 2 of Township 14 South, Range 1 East and Sections 35 and 36 of Township 13 South, Range 1 East; thence North on the West line of Section 36 a distance of 400.00 feet; thence East to the quarter section line running between the Southeast quarter and the Southwest quarter of Section 36; thence South to the township line; thence West to the point of the beginning.

ALSO EXCEPTING FROM THE FOREGOING PARCELS I, II, III, IV and V that certain real property in said County and State described as:

Lots 1 through 516, inclusive, of San Diego Country Estates 1, as per the map thereof recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County.

PARCEL VI (Scarbery):

That land in the SW 1/4 of Section 30, T 13 S, R 2 E, SBBM, San Diego County, California, excepted in the grant deed from Dorace E. Scarbery and June Scarbery (grantors) to Bill Patch Land & Water Company, a corporation (grantee), dated April 7, 1961, recorded as File/Page60418, Series2, Book 1961 in Official Records in the Office of the County Recorder of said County.

PARCEL VII:

Lot 178, Lots 465 through 478, inclusive, Lots 485 through 494, inclusive, and Lots 285, 286 and 287 of San Diego Country Estates 1, as per the map thereof recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County.

Exhibit 3

That real property in the unincorporated area of the County of San Diego, State of California, described as:

Parcel 1 (Golf Course and Clubhouse)

Lots 507 and 508 of San Diego Country Estates 1, as per the map thereof recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County;

Parcel 2 (Open Space)

Lots 506, 509, 510, 511, 512, 513, 514, 515 and 516 of San Diego Country Estates 1, as per the map thereof recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County;

Parcel 3 (Streets)

All of those certain parcels described as "Private Street" on the map of San Diego Country Estates I recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County, and being more particularly described thereon as:

Oakley Place, Oakley Road, Spangler Peak Road, Glenn Ellen Way, Arena Drive, Hampson Place, Scarbery Road, Arena Place, Del Amo Road, Del Arno Court, Watt Way, Swartz Canyon Road, Waft Road, Wikiup Road, Vista Vicente Way, Vista Vicente Court, Barona Mesa Road, La Plata Court, Indian Head Court and Gunn Stage Place;

Parcel 4 (English Equestrian Center)

That portion of Section 29, Township 13 South, Range 2 East, San Bernardino Meridian, according to United States Government Survey approved January 15, 1892, AND that portion of Rancho Canada de San Vicente y Mesa del Padre Barona, as shown on the map of the subdivision of said Rancho in accordance with the United States System of Land Survey made by Vitus Wackenreuder, being Map No. 858, filed in the Office of the County Recorder of said County, April 29, 1899, described as follows:

Beginning at Rancho Corner 13-12; thence along course 13 of said Rancho, South $31^{\circ}37'25''$ West 1051.60 feet; thence South $39^{\circ}53'21''$ West 200.93 feet; thence South $16^{\circ}43'31''$ West 199.24 feet; thence South $31^{\circ}01'00''$ West 571.93 feet; thence North $79^{\circ}24'30''$ West 191.58 feet; thence North $64^{\circ}48'33''$ West 216.89 feet; thence North $44^{\circ}39'00''$ West 377.28 feet; thence North $19^{\circ}50'23''$ West 353.15 feet; thence North $48^{\circ}17'40''$ West 220.24 feet; thence South $39^{\circ}45'30''$ West 220.00 feet to a point on a curve concave southwesterly and having a radius of 415.00 feet, a radial line of said curve to said point bears North $39^{\circ}45'30''$ East; thence Northwesterly along said curve through a central angle of $19^{\circ}13'50''$ an arc distance of 139.29 feet; thence tangent to said curve, North $69^{\circ}28'20''$ West 40.73 feet to the beginning of a tangent curve concave easterly and having a radius of 20.00 feet; thence Northwesterly, Northerly and Northeasterly along said curve through a central angle of $92^{\circ}14'26''$ an arc distance of 32.20 feet to a point on a compound curve concave south-easterly and having a radius of 1299.00 feet, a radial line of said curve to said point bears North $67^{\circ}13'54''$ West; thence Northeasterly along said curve through a central angle of $28^{\circ}56'14''$ an arc distance of 656.06 feet; thence tangent to said curve North $51^{\circ}42'20''$ East 1113.05 feet to the beginning of

a tangent curve concave northwesterly and having a radius of 2051.00 feet; thence Northeasterly along said curve through a central angle of $6^{\circ}45'00''$ an arc distance of 241.63 feet; thence tangent to said curve, North $44^{\circ}57'20''$ East 236.28 feet; thence South $46^{\circ}54,111''$ East 917.32 feet to the point of beginning, together with an easement for ingress and egress across a strip of land 102.00 feet in width lying 51.00 feet on each side of the following described centerline:

Beginning at the northerly terminus of that course shown as North $44^{\circ}57'20''$ East 236.28 feet in the above described Parcel 1; thence North $45^{\circ}02'40''$ West 51.00feet to the True Point of Beginning; thence South $44^{\circ}57'20''$ West 236.28 feet to the beginning of a tangent curve concave northwesterly and having a radius of 2000.00 feet; thence southwesterly along said curve through a central angle of $6^{\circ}45'00''$ an arc distance of 235.62 feet; thence tangent to said curve, South $51^{\circ}42'20''$ East 1113.05 feet to the beginning of a tangent curve concave southeasterly and having a radius of 1350.00 feet; thence southwesterly along said curve through a central angle of $47^{\circ}16'20''$ an arc distance of 1113.83 feet; thence tangent to said curve, South $04^{\circ}26'00''$ West 432.00feet to the beginning of a tangent curve concave westerly and having a radius of 3200.00 feet; thence southerly along said curve through a central angle of $36^{\circ}09'00''$ an arc distance 2019.00 feet to the intersection with the northerly boundary of San Diego Country Estates I as per the map thereof recorded October 11, 1972, as map number 7450 of Maps in the Office of the County Recorder of said County.

ENDORSED
FILED
In the office of the Secretary of State
of the State of California
June 29, 1972
MASON S. MOORE, Secretary of State

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION OF RAMONA OAKS ASSOCIATION

LAWRENCE J. TRACY, KATHLEEN S. DUNLEVY, SELMA KLEIN, and BARBARA REID certify:

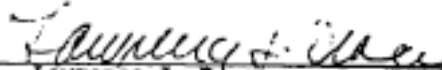
1. That they constitute at least two-thirds of the incorporators of RAMONA OAKS ASSOCIATION, a California corporation.

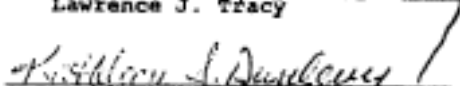
2. That they hereby adopt the following amendment of the Articles of Incorporation of said corporation:

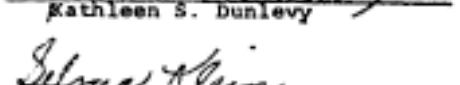
Article I is amended to read as follows:

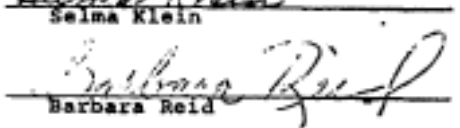
“The name of this corporation is SAN DIEGO COUNTRY ESTATES ASSOCIATION”.

3. That said corporation has admitted no members other than the incorporators.


Lawrence J. Tracy

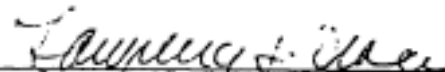

Kathleen S. Dunlevy

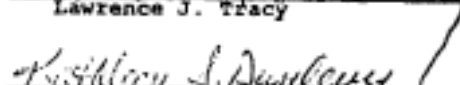

Selma Klein

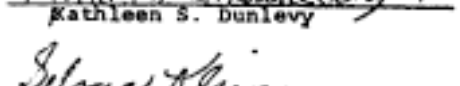

Barbara Reid

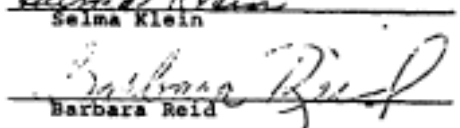
Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct.

Executed at Los Angeles, California on June 6, 1972.


Lawrence J. Tracy


Kathleen S. Dunlevy


Selma Klein


Barbara Reid



ARTICLE OF INCORPORATION OF RAMONA OAKS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a non-profit corporation under the laws of the State of California and do certify:

FIRST: The name of the corporation is: RAMONA OAKS ASSOCIATION

SECOND: The purposes for which this corporation is formed are:

(a) The primary and specific purpose is: to further and promote the interests and welfare of the owners of real property situated in those subdivisions located in the County of San Diego, State of California, commonly known as San Diego Country Estates, and to own, operate, maintain and improve the common area and facilities within the subdivision for the benefit of the owners in the subdivisions:

(b) The general purposes are to provide all types of services, facilities and improvements deemed useful, beneficial and helpful to said owners; to enforce restrictions, conditions, liens, charges and covenants pertaining to the said subdivision; to purchase, lease, construction contract for, develop or otherwise acquire such property, real or personal, tangible or intangible, as may be necessary to or convenient to carry out said primary objects and purposes; to care for and maintain all property owned by it or under its control; to borrow or raise money or contract indebtedness by giving any form of obligation and security therefor; to appoint such committees as may be necessary to or convenient in carrying out said primary objects and purposes; to make and collect charges and assessments by which to further said primary objects and purposes; to sell, convey, assign, lease or license real or personal property; and to enter into, make or perform contracts of every kind with any person, firm, association, corporation, municipality, county, state body politic or government conducive to the attainment of any of the objects of purposes of the corporation.

(c) To have and exercise all rights and powers, and to do any and all things that a corporation can do for the benefit of its members, all pursuant to the General Nonprofit Corporation Law of the State of California from time to time existing.

THIRD: This corporation is organized pursuant to Part 1 of Division 2 of Title 1 of the Corporation Code of California (General Nonprofit Corporation Law).

FOURTH: The County in the State of California in which the principal office for transaction of business of the corporation is located in the County of San Diego.

FIFTH: (a) The number of directors of the corporation is five (5).

(b) The Names and addresses of the persons who are appointed to act as directors until the election of their successors are:

NAME	ADDRESS
Lawrence J. Tracy	1800 Century Park East Los Angeles, California
Kathleen S. Dunlevy	1800 Century Park East, Los Angeles, California
Selma Klein	1800 Century Park East, Los Angeles, California
Barbara Reid	1800 Century Park East, Los Angeles, California
Helen Kobin	1800 Century Park East, Los Angeles, California

(c) The number of directors of the corporation may be changed either by an amendment to these Articles or by a By-law adopted by the numbers.

SIXTH: The corporation shall have no capital stock and shares therein shall not be issued. The corporation shall have two classes of members, the qualifications for each of which shall be those prescribed in the corporation's By-Laws. The interests of each member shall be evidenced by a certificate or other written documentation issued by the corporation under terms to be fixed by its By-Laws. Failure to issue such certificate or other written documentation shall in no event affect the rights privileges or liabilities of membership.

SEVENTH: No part of the net earnings of the corporation shall inure to the benefit of any member or individual.

EIGHTH: This corporation is one which does not contemplate pecuniary gain or profit to the members thereof, and it is organized solely for non-profit to the members thereof, and it is organized solely for non-profit purposes. In no event shall the net earnings, income or assets of this corporation be distributed to, or inure to the benefit of, any member, director or officer of this corporation or other private individual, either directly or indirectly. Upon the winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to a non-profit fund, foundation or corporation, which is organized and operated exclusively for pleasure and recreational purposes and which has established its tax-exempt status under Section 501 (c) of the Internal Revenue Code. If this corporation holds any assets in trust, such assets shall be disposed of in such manner as may be directed by decree of the Superior Court of the county in which this corporation's principal office is located, upon petition therefor by the Attorney General, or by any persons concerted in the liquidation, in a proceeding in which the Attorney General is a party.

IN WITNESS WHEREOF, the undersigned and above-named first directors of this corporation have executed these Articles of Incorporation on May 5, 1972.

Lawrence J. Tracy
Lawrence J. Tracy

Kathleen S. Dunlevy
Kathleen S. Dunlevy

Selma Klein
Selma Klein

Barbara Reid
Barbara Reid

Helen Kobin
Helen Kobin

ACKNOWLEDGEMENT

STATE OF CALIFORNIA

SS.

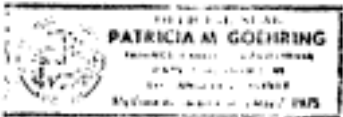
COUNTY OF LOS ANGELES

On this 5th day of May, before me, Notary Public in and for said County and State, personally appeared Lawrence J. Tracy, Kathleen S. Dunlevy, Selma Klein, Barbara Reid and Helen Kobin known to me to be the persons whose names are subscribed to the foregoing Articles of Incorporation, and each acknowledged to me that he executed the same.

Witness my hand and official seal.

Patricia M. Gehring
Notary Public
My Commission expires: 5/1/85

(Seal)



BY-LAWS OF SAN DIEGO COUNTRY ESTATES ASSOCIATION

ARTICLE I -NAME AND LOCATION

The name of the corporation is SAN DIEGO COUNTRY ESTATES ASSOCIATION, hereinafter referred to as the “Association”. The principal office of the corporation shall be located in Ramona, California, but meetings of members and directors may be held at such places within the State of California, County of San Diego, as may be designated by the Board of Directors.

ARTICLE II - DEFINITIONS

Section 1. “Association” shall mean and refer to SAN DIEGO COUNTRY ESTATES ASSOCIATION, its successors and assigns.

Section 2. “Property” shall mean and refer to all real property at any time subject to the Declaration.

Section 3. “Common Area” shall mean and refer to all real property owned by the Association for the common use and enjoyment of the members of the Association and to all real property held in trust for the benefit of the Association.

Section 4. “Lot” shall mean and refer to any plot of land, with the exception of the Common Area, shown as a separate numbered or lettered lot or parcel upon any recorded subdivision map or any parcel map or any condominium map or plans filed with the County Recorder of San Diego County, California.

Section 5. “Member” shall mean and refer to every person or entity who holds a membership in the Association.

Section 6. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. “Declarant” shall mean and refer to San Diego Estates Co., a partnership, and its successors and assigns.

Section 8. “Declaration” shall mean and refer to that certain Declaration of restrictions recorded in Official Records in the Office of the County Recorder of San Diego County, California, on October 12, 1972, as instrument # _____, in Book 1972, Series _____. File/Page No. 274576, thereof, as the same may be amended from time to time.

Section 9. “Tenant shall mean and refer to a natural person who has rented or leased, for monetary consideration, for a period of time not less than one day, and is in actual residence on all or part of an Owner's Lot.

ARTICLE III - MEMBERSHIP

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in a Lot, including contract buyers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of a Lot shall be the sole qualification for membership.

In the event any Lot is owned by two or more persons, whether by joint tenancy, tenancy in common or otherwise, the membership appurtenant to such Lot shall be joint and the owners thereof shall designate from time to time to the Association in writing or of their number who shall have the power to vote said membership.

The membership in the Association held by any owner shall not be transferred, pledged or alienated in any way, except (1) upon the transfer of title to the owner's Lot and then only to the transferee of title to such Lot, and (2) such membership may be pledged to a lending institution as additional security for a purchase money real estate loan on the Lot to which the membership is appurtenant. Any attempt to make a prohibited transfer is void and shall not be reflected upon the books and records of the Association. In the event the owner of any Lot should fail or refuse to transfer the membership registered in his/her name to the transferee of such Lot, the Association shall have the right to record the transfer upon the books of the Association and issue a new certificate to the transferee, and thereupon the old certificate outstanding in the name of the transferor shall be null and void although the same had been surrendered.

ARTICLE IV - RIGHTS OF ENJOYMENT

Section 1. Use. Each member shall be entitled to the use and enjoyment of the Common Area as provided in the Declaration and hereafter in this Article IV. Any member may delegate his/her rights of enjoyment of the Common Area to the members of his/her dependents, tenants or contract purchasers, who reside upon property. Such member shall notify the secretary in writing of the name of any delegee.

Section 2. Rules Upon notice and hearing the Board of Directors may establish such rules, regulations and prerequisite conditions to the use of the Common Area and the facilities thereon as it, in its sole discretion, deems appropriate, so long only as such rules, regulations and conditions do not materially abridge the rights of members set forth in the declaration. Upon notice and hearing the Board of Directors may establish rules, regulations and prerequisite conditions to the use of the Common Area and facilities thereon by persons who are neither members or member's delegees as described in Section 1 of this Article IV, including guests. Upon notice and hearing the Board of Directors shall determine whether admission and/or other fees shall be charged to members for use of any recreational facility situated upon the Common Area, including but not limited to the lake. Any such admission or other fees (as distinguished from annual and special assessments) shall apply equally to all members of the Association and to their delegees described in Section 1 of this Article IV, and shall be used first by the Association for expenses of maintenance, repair, and operation of the recreational facility to which the same relate, and the excess, if any, for other purposes of the Association. No monies of the Association derived from annual assessments shall be used for expenses of maintenance, repair or operation of any recreational facility the use of which is

subject to an admission or other fee set by the Board of Directors, until all monies derived from such admissions and fees have been expended therefor.

ARTICLE V - BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The powers of the Association shall be exercised and its affairs conducted by a board of five directors.

Section 2. Election. Directors will be elected by the members at annual meetings. Directors shall serve until their successors are selected two directors shall serve for terms of three years. Two other directors shall serve for terms of two years. The fifth director shall serve for a term of one year. The Board of Directors shall, by resolution adopted at its first meeting after the Association's first annual meeting determine the term of each of its members.

Section 3. Removal and Vacancies. The entire board of directors or any individual director may be removed from office with or without cause at any time by a vote of the majority of the votes held by the entire membership of record at any regular or special meeting of members duly called, and a successor or successors may then and there be elected to fill the vacancy or vacancies thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by a vote of the majority of the remaining Directors even though they may consist of less than a quorum; and each person so elected shall be a Director until a successor is elected by the membership at the next annual meeting, or special meeting called for this purpose.

Section 4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of said Director's duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI - MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII - NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Voting. Election to and removal from the Board of Directors shall be by written ballot. At each such election each member shall be entitled to vote, in person or by proxy, as many votes as each member is entitled to exercise under the provisions of article II of the declaration multiplied by the number of Directors to be selected or removed, as the case may be, and said member may cast all of such votes for or against a single Director or may distribute them among the number to be voted for, or any two or more of them as said member sees fit.

ARTICLE VIII - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power:

- (a) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of persons thereon, and to establish penalties for the infraction thereof.
- (b) In all other respects, to exercise for the Association all powers, duties and authority vested in or delegated to the Association, by law or otherwise, which are not reserved to the membership by other provisions of law, these By-Laws, the Articles of Incorporation or the Declaration; to enforce applicable provisions of these By-laws, the Articles of Incorporation, the Declaration and its own rules and regulations.
- (c) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; provided, however, that any manager selected prior to the Association's first annual election shall be employed to manage only until the first annual election, at which time the continuance of the same or the selection of another manager shall be determined by a majority vote.
- (d) To enter into reciprocal agreements for affiliation of the golf, tennis, swimming and equestrian facilities of San Diego Country estates with clubs in California and throughout the world, and to provide in said reciprocal agreements for use of the aforesaid facilities by members of such affiliated clubs in exchange for the right of Members of the Association and authorized users of its

aforesaid facilities to use such affiliated club or clubs' facilities, all on terms and conditions mutually agreeable to the parties to such contracts. No such reciprocal agreement shall be entered into if the affiliated club would expose Association members to discrimination based on sex, race, color, religion, familial status, marital status, disability, national origin, or ancestry.

(e) To establish standards, conditions and fees for use of the Common Area facilities of San Diego Country Estates by members of the public, upon such terms and conditions as the Board of Directors shall from time to time by resolution adopt.

Section 2. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote.

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) As more fully provided herein and in the Declaration applicable to the Properties:

(i) To fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, and

(ii) To send written notice of each assessment to every Owner subject thereto.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

(e) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds, adequate to protect the Association in its affairs and all property owned by the Association.

(f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) To cause the Common Area to be maintained and to contract and pay for such materials and services as are necessary or prudent to such maintenance and to the other affairs of the Association.

(h) To cause to be paid all taxes and special assessments which are or would become a lien on the Common Area.

ARTICLE IX - COMMITTEES

The Board of Directors shall appoint such committees as deemed appropriate to assist in carrying out its purposes.

ARTICLE X - MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held six months after the sale of the first Lot, at 8 o'clock P.M. Each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 8 o'clock P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President of the Board of Directors, or upon written request of the members who are entitled to vote one-fifth (1/5) of all the votes of the entire membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of the secretary, by mailing a copy of such notice, postage prepaid, at least fifteen (15) but not more than sixty (60) days before such meeting, to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify a reasonable place, day and hour of the meeting, and in case of a special meeting, the general nature of the business to be transacted.

Section 4. Quorum. The presence at any meeting, in person or by proxy, of members entitled to cast a least 50 percent of the votes of the membership, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration of Restrictions, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members present either in person or by proxy, may without notice other than announcement at the meeting, adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which meeting twenty-five (25%) of the votes of the membership shall constitute a quorum,

Section 5. Proxies and Voting. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Each proxy shall be revocable and shall automatically cease upon conveyance by the member of his/her Lot. The vote of a majority of the votes present in person or by proxy shall decide questions brought before such meeting unless the question is one upon which, by express provision of statute, the Articles of Incorporation or the By-laws, a different vote is required, in which event such express provision shall control.

ARTICLE XI - OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he/she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to take effective.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows.

PRESIDENT

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

VICE-PRESIDENT

(b) The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act as President, and shall exercise and discharge such other duties as may be required of the Vice-President by the Board.

SECRETARY

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

TREASURER

(d) The Treasurer shall receive and deposit or cause to be received and deposited in appropriate bank accounts all moneys of the Association and shall disburse or cause to be disbursed such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures a copy of which shall be presented to each member within the period prescribed in Article VIII hereof.

ARTICLE XII - COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the property, hereby covenants, and each Owner of any Lot by execution of the Declaration, or by execution of a document submitting the Lot to the Declaration, or by acceptance of a deed therefor, whether or not is shall be so expressed in any such deed or other conveyance, 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 fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge and a continuing lien upon the Owner's Lot, and shall continue to be such a lien until fully paid, subject to the following conditions:

- (a) Such liens shall not be effective against any such Lot as security for the payment of any unpaid assessments which became due more than one year prior to the recordation by the Association of a notice of claim thereof in the office of the County Recorder of San Diego County, California;
- (b) Said notice of claim must recite a good and sufficient legal description of any such Lot, the name and the nature of the interest of the Lot Owner, or reputed Lot Owner, the amount claimed and the name and address of the claimant;
- (c) Any action brought to foreclose such lien must be commenced within one year following such recordation unless such period is extended by the Association by recordation (within the one year period) of a written extension of such period in which event such period shall be extended for one added year; and
- (d) Any such claim or lien shall not defeat nor render invalid nor rank the lien of any first mortgage or deed of trust affecting any such Lot, made in good faith and for value and recorded in the office of said County Recorder prior to the recordation of any such claim or lien and any such claim or lien shall be subordinate and subject to the lien of any such prior recorded first mortgage or deed of trust; provided, however, that the aforesaid subordination shall apply only to assessments which have become due and payable prior to the sale of said property pursuant to a decree of foreclosure, trustee's sale or deed in lieu of foreclosure.

Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell

due and such personal obligation (as distinguished from a lien on a Lot) shall not pass to his/her successors in title unless expressly assumed by them.

Section 2. Annual Assessments. The Association shall levy an annual assessment upon each Lot of an amount not less than such Lot's pro rata share of the cost of maintaining, reconstruction, repairing and replacing the Common Area and any Additional Maintenance areas in a first-class condition and in a good state of repair, as more particularly set forth in the Declaration. The assessments levied by the Association shall be used exclusively for the purpose of promotion the recreation, health, safety and welfare of the residents in the Property, and in particular for the improvement and maintenance of the Common Area, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area.

After consideration of current maintenance costs and future needs of the Association, the Board of Directors shall fix the annual assessment as provided in the Declaration.

Section 3. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Board may levy during any calendar year but in not event prior to the Initiation Date set forth in the Declaration, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction or unexpected repair or replacement of a capital improvement upon the Common Area, and the Additional Maintenance areas including the necessary fixtures and personal property related thereto; provided that any such assessment in excess of One Thousand Dollars (\$1,000.00) shall have the assent of 75% of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than ten (10) days nor more than twenty (20) days in advance of the meeting setting forth the purpose of the meeting.

Section 4. Special Assessments for Emergency Needs. If the assessments levied in any month from and after the Initiation Date are, or will become inadequate to meet all expenses hereunder for any reason, including non-payment of any owner's assessments on a current basis, the Board shall immediately determine the approximate amount of such inadequacy for such month and issue a supplemental budget, noted as to the reason therefor, and levy an emergency assessment for the amount requested to meet all such expenses on a current basis ("Emergency Assessment") against the Owners of each of the Lots, provided, however, that any Emergency assessment in excess of \$1,000,00 may be made only upon vote of the Members as provided in Section 5 hereof. Said Emergency assessment shall be paid by the Owners within thirty (30) days after notice thereof.

Section 5. Notice and Quorum for Any Action Authorized under Sections 2, 3 and 4. Any action authorized under Section 2,3 or 4 of this Article XI I shall require the approval of 75% of the votes allowed to each of the Members of each class. The approval of the Members of the Association shall be taken at a meeting called for that purpose, at which a quorum need not be present, written notice of which shall be sent to all Members not less than ten (10) days or more than twenty (20) days in advance of the meeting. If the proposed action is favored by a majority of votes cast at such a meeting, but such vote is less than seventy-five percent (75%), Members who were not present in person or by proxy may give their consent in

writing within ten (10) days after the aforesaid meeting, so that the percentage of each class of membership required for action under Sections 2, 3 and 4 of this Article X1 I might be obtained.

Section 6. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessments which are not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of seven percent (7%) per annum, the Board of Directors may impose a late payment penalty not to exceed \$10.00 for each delinquency; and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessments provided for herein.

The Association is hereby vested with the right and power to bring at its option any and all actions against the Lot Owners for the collection of the assessments referred to in this paragraph which are not paid when due and to enforce the aforesaid lien by any and all methods available for the enforcement of contractual obligations or liens, including without limitation the right to bring personal action against the Lot owner on such debt, the right to foreclose such lien in a method proved by law for foreclosure of a mortgage. The Association further is hereby vested with a power of sale and the right to sell by public or private sale the Lot Owner's interest in the Lot, which may be enforced by the Association, its attorney or other person authorized to bring such action or make such sale. A sale of a Lot Owner's interest by such power of sale shall be conducted in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code of California (or any similar statutory provisions that may hereafter exist) and applicable to the exercise of powers of sale in mortgages and deeds of trust. The Association shall have the power to bid on the property sold in its own name to hold, lease, mortgage and convey the same for the benefit of all of the Lot Owners. All rights and remedies granted to the Association hereunder shall be cumulative and the exercise of one of more rights or remedies shall not constitute a waiver or election preventing the use of other rights or remedies. In addition to the costs and attorneys' fees hereinabove provided for, the Association shall be entitled to collect from such defaulting Lot Owner reasonable attorneys' fees, costs and expenses incurred in connection with any legal action commenced for the purpose of collecting said assessments and/or enforcing said lien.

Section 7. Subordination of the Lien to Mortgages. The lien of the assessments shall be prior to all encumbrances made by the Owner or imposed by legal process under any Lot, whether the lien of the assessments is recorded prior or subsequent to any such encumbrances, except that the lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust made in good faith and for value and recorded in the office of the Recorder of San Diego County prior to the recordation of a claim of lien for said assessments. Sale or transfer of any Lot, which is subject to any first mortgage or deed of trust, pursuant to a foreclosure under such first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE XIII - BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration of Restrictions, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any members at the principal office of the Association, where copies may be purchased at reasonable cost. There shall be an annual independent examination of audit of the Association's books of account and a complete annual financial report of such examination and of the Association's operations shall be available to each Lot Owner within thirty (30) days after completion of the report and in no event more than ninety (90) days after the end of the Association's fiscal year.

ARTICLE XIV - AMENDMENTS

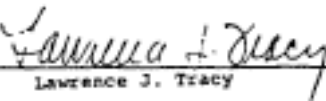
Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of seventy-five percent (75%) of the voting power of the membership.

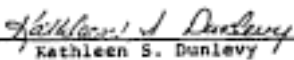
Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration of Restrictions applicable to the Property and these By-laws, the Declaration of Restrictions shall control.

ARTICLE VX - MISCELLANEOUS

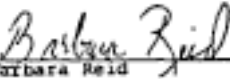
Unless modified by resolution of the Board of Directors of the Association, the fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year shall begin on the date of incorporation.


IN WITNESS WHEREOF, we, being all of the Directors of the SAN DIEGO COUNTRY ESTATES ASSOCIATION have hereunto set our hands this 2nd day of August, 1972.


Lawrence J. Tracy


Kathleen S. Dunlevy


Selma Klein


Barbara Reid


Helen Kabin