**12807**

10,1981 FA

64585

RECORDING REQUESTED BY

Barney Baxter
P.O. Box 4355
Canyon Lake, CA 92330

When recorded return to

DECLARATION OF RESTRICTIONS

FOR

CONTINENTAL COVE

This Declaration is made this 14th day of November, 1980, by CANYON CREST DEVELOPMENT, INC., a California corporation, hereinafter referred to as "Declarant".

WITNESSETH;

WHEREAS, Declarant is the owner of that certain real property in the County of Riverside, State of California, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, Declarant will create, on the property described above, a Planned Development pursuant to California Business and Professions Code Section 11003.

WHEREAS, Declarant is about to sell and convey portions of the property described above and Declarant desires and intends to hereby subject the property described above to mutual, beneficial

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WHEREAS, Declarant will create, on the property described above, a Planned Development pursuant to California Business and Professions Code Section 11003.

WHEREAS, Declarant is about to sell and convey portions of the property described above and Declarant desires and intends to hereby subject the property described above to mutual, beneficial restrictions under a general plan or scheme of improvement for the benefit of the property described above and of the future owners thereof.

NOW, THEREFORE, Declarant hereby declares that all of the property above described is held by Declarant and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and/or improved subject to the limitations, restrictions, conditions and covenants herein set forth, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of said property and are established and agreed upon for the purposes of enhancing and protecting the value, desirability and attractiveness of said property and every part thereof. All of the limitations, restrictions, conditions and covenants shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the property first above described or any part thereof.

## ARTICLE I

## DEFINITIONS

1.1 "Articles" shall mean the Articles of Incorporation of the Association and any amendments to said Articles.

1.2 "Association" shall mean the CONTINENTAL COVE HOMEOWNERS' ASSOCIATION, a California non-profit corporation composed of the Owners described herein.

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

1.4 "Bylaws" shall mean the Bylaws of the Association and any amendments to said By-laws.

1.5 "Common Area" shall mean all real property within CONTINENTAL COVE owned by the Association for the common use and enjoyment of Owners (or Members of the Association) and consisting of Lot 28, described above.

1.6 "Declaration" shall mean this instrument, as the same may be amended pursuant to the Article entitled "Amendment".

1.7 "Lots" shall mean all of the Lots 1 through 27, inclusive, described above; "Lot" as used below shall mean any one of such Lots but shall not include the Common Area.

1.8 "Member" shall mean an Owner entitled to membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

1.9 "Mortgagee" shall mean the Mortgagee under any real property mortgage or beneficiary under any deed of trust given for value, which mortgage or deed of trust encumber any Lot.

1.10 "Owner" shall mean the Owner of record, or Owners of record if more than one, of fee simple title to any Lot. Prior to the conveying of a Lot by Declarant, the Owner of such Lot shall be the Declarant.

1.11 "Project" shall mean CONTINENTAL COVE, encompassing both the Lots and Common Area.

## ARTICLE II

## USE OF LOTS AND COMMON AREA

Section 2.1 Each lot shall be improved, used and occupied for single-family dwelling purposes only. No buildings or structures shall be erected, altered, placed or permitted to remain on any of the Lots other than one single-family dwelling, a private garage and other customary appurtenances incidental to the residential use of a Lot. Notwithstanding the above, a sales office and model home site may be maintained by Declarant on any of the Lots owned by Declarant until sales of all of the Lots have been consummated.

Section 2.2 No structure of a temporary character, trailer, tent, shack or other outbuilding shall be erected or placed on any Lot, either temporarily or permanently. Nothing contained in the foregoing shall be construed to preclude the use of a trailer, outbuilding or other temporary structure during the period of construction of any single-family residence(s) on any Lot, provided that any such trailer, outbuilding or structure shall be removed forthwith upon the completion of any such single-family residence.

Section 2.3 No part of any Lot or Common Area shall be occupied or used for any purpose or in any manner which shall cause the Project to be uninsurable against loss, fire or the perils of the extended coverage endorsement by the California Standard Fire Policy form, or cause any policy or policies representing such insurance to be cancelled or suspended or the company issuing the same to refuse renewal thereof or to increase the premium note thereof.

Section 2.4 No animals or pets may be kept anywhere in or on the Project except as permitted in accordance with such rules and regulations as may be adopted by the Board of the Association.

Section 2.5 No Lot shall be used in any manner as to obstruct or interfere with the enjoyment of occupants of other Lots or annoy them by unreasonable noises or otherwise, nor shall any nuisance or immoral or illegal activity be committed or permitted to occur on or about any Lot.

Section 2.6 No sign of any nature, except as provided in Section 712 of the Civil Code, shall be displayed to the public view on or from any Lot without the prior written approval of the Board as to size, shape, color and content; however, Declarant may place reasonable signs upon the Project in connection with the sale, transfer or rental of the Lots owned by it or in which it has a security interest.

Section 2.7 Each Owner shall maintain and keep in good repair all of the improvements upon his Lot; provided, however, that the Association shall be responsible for the ordinary maintenance of (i) the exterior surfaces of all of the improvements (other than any patio improvements) upon such lot provided in the Article entitled "Exterior Maintenance of Lot", and (ii) the landscaping on each Lot. The Association or its agent(s), employee(s) or representative(s), shall have the right and are hereby granted a non-exclusive easement to reasonably enter upon any Lot in order to perform the aforementioned maintenance; the

Association shall hold each Owner (and his Lot) free and harmless from any liability, claim or lien arising from the Association's performance of said maintenance other than any lien filed of record by the Association pursuant to the Article entitled "Assessment".

Section 2.8 No television antenna or antennae or unsightly objects, poles or wires shall be permitted on the roof of any building. If any Lot has outlets connected to a cable television system, it shall be the obligation of the Association to maintain, repair and replace all portions of said cable television system located within the Common Area.

Section 2.9 Nothing shall be done on any Lot or in, on or to the Common Area which will impair the structural integrity of the buildings, or which would structurally change the buildings. Nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Board of the Association. All equipment and garbage cans shall be kept concealed from view of neighboring Lots, streets and Common Area. All rubbish, trash or garbage shall be regularly removed from each Lot and shall not be allowed to accumulate thereon or on the adjacent Common Area. No exterior clotheslines shall be erected or maintained and there shall be no outside drying or laundering of clothes on terraces, patios, decks, balconies or any part of the Common Area.

Section 2.10 The Owner of a Lot whose residential structure has been damaged or destroyed by fire or other calamity shall cause such structure to be repaired or restored. This obligation shall not extend to the installation of furniture and the like, but is for the purpose of preventing unsightliness caused by such damage or destruction and any resultant health or safety problems to other Owners within the Project and to the public.

Section 2.11 The Common Area shall be used only for the following purposes:

(1) Affording vehicular passage to the parking spaces and pedestrian movement within the Project, including access to the Lots.

(2) Vehicular parking in areas designated for parking by the Board.

(3) Recreational use by the Owners and occupants of Lots and their guests, subject to rules established by the Board of the Association.

(4) For the location of utilities and for beautification of the Common Area and providing privacy to the residents thereof through landscaping and such other means as the Board of the Association shall deem appropriate.

(5) No part of the Common Area shall be obstructed so as to interfere with its use for the purposes herein-above permitted, nor shall any part of the Common Area be used for storage purposes(except for storage of maintenance equipment used exclusively to maintain the Common Area), or in any manner which shall increase the rate at which insurance against loss by fire or the perils of the extended coverage

endorsement to the California Standard Fire Policy form, or bodily injury or property damage liability insurance, covering the Common Area and improvements situated thereon may be obtained or cause said premises to be uninsurable against such risks or any policy or policies representing such insurance to be cancelled or suspended or the company insuring the same to refuse renewal thereof. If on completion of the Project any portion of the Common Area encroaches on any Lot or any Lot, including any residential improvement thereon, encroaches on the Common Area, or any other Lot, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. A non-exclusive easement for ingress, egress and support throughout the Common Area is and shall be appurtenant to each Lot, and the Common Area is and shall be subject to such easement. In addition to the foregoing easements, a non-exclusive easement over, under, upon and across the Common Area for the purposes of installing, connecting, maintaining and repairing sewer and water pipelines is and shall be appurtenant to each Lot.

Section 2.12 No Owner shall make any alterations or improvement to the Common Area, or remove any planting, structure, furnishing or other object therefrom except with the written consent of the Board of the Association.

Section 2.13 Each Owner shall be legally liable to the Association for all damages to the Common Area or to any improvement thereof or thereto including, but not limited to, the building and landscaping caused by such Owner, its guests or any occupant of such Owner's Lot.

ARTICLE III

OWNERSHIP OF COMMON AREA AND OF BENEFICIAL INTEREST IN COMMON PERSONALTY

Section 3.1 The Association shall be and become the owner of the fee estate in and to the Common Area prior to or concurrently with the first conveyance by Declarant of a Lot to an Owner.

Section 3.2 Notwithstanding anything contained in this declaration to the contrary, Declarant, for itself and its successors in interest, hereby reserves a non-exclusive easement over, under, upon and across the Common Area for common driveway purposes, drainage and encroachment purposes and for ingress and egress, all for Declarant's reasonable use in completing the improvements and performing necessary repair work within the Project; said reservation of easement becoming effective concurrently with the conveyance by Declarant to the Association of the Common Area without the necessity of Declarant setting forth such reservation in the deed with respect to said conveyance. Said reservation of easement shall expire and be of no further force or effect three (3) years after the date on which this Declaration has been recorded. Notwithstanding the section providing for the amendment of this Declaration, no amendment, revocation or rescission of said reservation of easement may be had prior to the conveyance by Declarant (or its successor) of the last Lot within the Project without the (i) written consent of the Declarant and (ii) recording of such consent in the Office of the Recorder of Riverside County, California.

Section 3.3 The Association shall be and become the owner of all maintenance, recreational and other equipment acquired by it (i) for the maintenance and improvement of the Project and (ii) to implement the performance of its other duties hereunder. The transfer of such personal property by the Association pursuant to the Bylaws shall transfer title thereto free and clear of any claim on the part of any Owner.

## ARTICLE IV

## PLANNED DEVELOPMENT CHARACTER OF PROJECT

Section 4.1 The Project is and has been developed as a planned development pursuant to California Business and Professions Code Section 11003.

Section 4.2 The Common Area shall remain in the ownership and control of the Association and there shall be no judicial partition thereof. Nothing herein shall be deemed to prevent partition of a co-tenancy in a Lot.

Section 4.3 Except as set forth in this Article, neither the Owners nor the Association shall, by act or omission, without the prior written consent of at least seventy-five percent (75%) of all first Mortgagees (based upon one (1) vote for each first mortgage or deed of trust owned) be entitled to:

(i) Abandon or terminate the planned development character of the Project;

(ii) Partition, subdivide, encumber, sell or transfer the Common Area or the improvements thereon; provided, however, the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be a transfer within the meaning of this clause;

(iii) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(iv) Waive or abandon any scheme of regulations or the enforcement thereof pertaining to the architectural design or the exterior appearance of the residential improvements situated on the Lots, the exterior maintenance of said residential improvements or the maintenance and upkeep of the Common Area and the improvements thereon;

(v) Fail to maintain insurance coverage under an extended coverage hazard policy(ies) against loss by fire and perils with respect to all insurable improvements located in the Common Area and all insurable personalty owned by the Association in an amount not less than one hundred percent (100%) of the insurable value (based on then current, replacement costs) of said improvements and of said personalty as determined annually by an insurance carrier selected by the Board pursuant to this Declaration; or

(vi) Use hazard insurance proceeds for losses to said improvements and/or said personalty for other than the repair, replacement or reconstruction of said improvements and/or personalty.

## ARTICLE V

## PARTY WALLS

Section 5.1 Each wall which is built as a part of the original construction of the residential structures upon the Lots and which is located on the property lines between Lots containing residential structures shall constitute a party wall. The general rules of law regarding party walls and liability for property damage, due to negligence or willful acts or omissions of one of the Owners of such party wall, shall apply thereto unless such general rules of law are inconsistent, with the following paragraphs, in which event the provisions herein set forth shall apply.

Section 5.2 The cost of normal repair and maintenance of a party wall shall be shared by the Owners who make use of such wall in proportion to their use of such wall.

Section 5.3 If a party wall is damaged or destroyed by fire or other casualty, any Owner who has made use of such wall may restore it and, if other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use.

Section 5.4 Any of the foregoing to the contrary notwithstanding, an Owner who negligently or willfully acts so as to cause the party wall to be unusually exposed to the elements shall bear the entire cost of furnishing protection against such elements.

Section 5.5 The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successor in interest.

## ARTICLE VI

## THE ASSOCIATION; EXTERIOR MAINTENANCE

Section 6.1 Each Owner and/or Owners of a Lot shall be a regular Member of the Association, which said membership shall be appurtenant to such Lot and the transfer of title to such Lot shall automatically transfer the membership appurtenant to such Lot to the transferee or transferees. Each such Owner and/or Owners are obligated to promptly, fully and faithfully comply with and conform to the Articles of Incorporation and the Bylaws of the Association, and the rules and regulations from time to time prescribed thereunder by the Board of the Association or its officers, and to promptly pay in full all assessments levied by the Association on its Members, whether such assessments are levied prior to or subsequent to the date of acquisition of title, except that the purchaser of any such Lot at a trustee's sale on foreclosure shall not be liable for any dues, fees or assessments levied prior to such sale or acquisition of title, regardless of whether said dues, fees or assessments then constitute a lien against such Lot.

Section 6.2 Except as otherwise provided herein, the Association acting through its Board and officers shall provide for the architectural control and preservation of the Project and shall have the sole and exclusive right and duty to manage, operate, control, repair, replace or restore all of the Common Area or any portion thereof, together with the improvements, trees, shrubbery, plants and grass thereon, all as more fully set forth in the Articles and Bylaws of said Association and this Declaration.

Section 6.3 The Association shall provide for all ordinary Maintenance of the exterior of the structures situated upon the Lots, to wit: painting, repairing and replacing of and caring for roofs, gutters, downspouts and exterior building surfaces, including exterior trim. Such maintenance obligations of the Association shall not include maintenance of any glass surfaces, patio improvements or any tree, bush or plant in a moveable container which is or are on a Lot (all of which improvements on a Lot shall be maintained by the Owner of such Lot at his sole expense in a good, clean and neat condition). The Association shall also provide for the ordinary maintenance of the landscaping on each Lot.

Section 6.4 The Board shall have the right to adopt reason-able rules, not inconsistent with the provisions contained in this Declaration, and to amend the same from time to time, relating to the use of the Common Area by the Owners and their tenants or guests and the conduct of such persons with respect to automobile parking, to the use of any available storage space and boat docks, outside storage of boats, trailers, bicycles and other objects, disposal of waste Materials, drying of laundry, control of pets and other activities which, if not so regulated, might detract from the appearance of the Project or offend, or cause inconvenience or danger to persons residing or visiting therein. Such rules may provide that the Owner of a Lot whose occupant leaves property on the Common Area in violation of the rules, after notice and hearing, may be assessed to cover the expense incurred by the Association in removing such property and storing or disposing thereof. Such notice and hearing shall be given and conducted in accordance with Section 8.1 of Article VIII of this Declaration.

Section 6.5 The Board or any person authorized by the Board shall have the right to enter any portion or part of a Lot to the extent such entry is necessary to carry out the repainting or repair of the exterior surfaces of the buildings, or to perform any work required in the repair, maintenance or upkeep of the Common Area, or for any other purpose reasonably related to the performance by the Board of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such a manner as to interfere as little as is reasonably possible with the possession and enjoyment of the occupant of such Lot and shall be preceded by reasonable notice whenever the circumstances permit. In the case of an emergency, the right of entry shall be immediate.

Section 6.6 Any agreement for professional management of the Project shall not exceed three (3) years and shall be cancelable by either party without cause and without imposition of a termination fee upon ninety (90) days written notice.

## ARTICLE VII

## ARCHITECTURAL CONTROL

Section 7.1 No building, fence, wall or other structure shall be constructed, erected, placed or altered upon any of the Lots, nor shall any alteration or change be made to the exterior of any residential structure situated upon a Lot, until the building or alteration plans, landscaping plans, specifications, location plat and color scheme thereof have been approved by the Architectural Control Committee appointed by the Board or Declarant in accordance with the Bylaws. In considering any such plans, the Architectural Control Committee shall take into account (i) the quality of workmanship and materials to be used, (ii) harmony of external design with existing structures in the Project and (iii) compliance with this Declaration. In the event the Architectural Control Committee fails to approve or disapprove any such plans or specifications within thirty (30) days after all necessary plans and specifications have been received by the Architectural Control Committee, the Owner requesting said approval may submit a written notice to the Architectural Control Committee advising the same of its failure to act. Only if the Architectural Control Committee fails to approve or disapprove any such plans or specifications within thirty (30) days after the receipt of said notice from the Owner, said plans and specifications shall be incontrovertibly deemed to be approved.

Section 7.2 Notwithstanding anything herein to the contrary, no amendment, revocation or rescission of this Article VII may be had, nor shall Declarant or any successor thereof be prohibited from completing the construction and development of the Project prior to the conveyance by Declarant (or its successor) of the last Lot within the Project without the (i) written consent of Declarant and (ii) recording of such consent in the Office of the Recorder of Riverside County, California. Such written consent shall not be required after the conveyance by Declarant (or its successor) of all of the Lots in the Project.

## ARTICLE VIII

## RESPONSIBILITY OF OWNERS

Section 8.1 If any Lot Owner or other occupant of a Lot owned by him shall fail to observe any of the provisions of this Declaration, or any of the Bylaws or rules or regulations adopted by the Board, the Board shall give written notice of such fact to the Lot Owner in accordance with Section 12.2 of Article XII. Any such notice so given shall contain a specification of the alleged violation of this Declaration or of such rule or regulation, as the case may be, and such notice shall also specify a date not less than fifteen (15) nor more than twenty (20) days after the date of the notice for hearing before the Board to review the alleged violation as set forth in the notice. At such hearing, the Board shall accept such evidence and take such testimony as may be reasonable under the circumstances, reach a decision with respect thereto and, if the Board concludes that the alleged violation did in fact occur, the Board may take any disciplinary action permitted by this Declaration or the Bylaws of the Association, which may include the imposition of monetary penalties, the temporary suspension of an Owner's right as a Member of the Association or other appropriate discipline.

Breach of any of the covenants contained in this Declaration and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by any Owner of the Association. It is hereby agreed that damages at law for such breach are inadequate. No judicial proceedings shall be commenced by the Association against an Owner for any non-monetary breach of this Declaration unless and until there has been a hearing with respect to such breach in accordance with this Section 8.1.

Section 8.2 The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative and none of such remedies shall be deemed exclusive.

Section 8.3 The failure of the Association or any Owner to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter nor shall such failure result in or impose any liability on the Owner or the Association.

Section 8.4 Any Lot Owner may encumber his Lot by deed of trust or mortgage. The beneficiary of the deed of trust or the

Mortgagee of a mortgage is referred to in this paragraph as a "lender". A breach of any of the provisions of this Declaration shall not affect or impair the lien or charge of any bona fide deed of trust or Mortgage made in good faith and for value encumbering any of the Lots. A lender who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is non-curable or of a type which is not practical or feasible to cure. It is intended that any loan to facilitate the resale of any Lot after foreclosure or deed in lieu of foreclosure is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other lenders. All liens created pursuant to this Declaration including, but not limited to, any regular or special assessments for the payment of money shall be subordinate to the lien created by any such bona fide first deed of trust or mortgage given to any lender. It is hereby provided, however, that a lender is liable for all such assessments during the actual period of time the lender holds title to a Lot. This liability for assessments on the part of the lender is on a pro rata basis with the pro rata period commencing on the date the lender acquires title and ending upon resale or other transfer by the lender, whereupon the liability will attach to the transferee. No amendment to this Declaration shall affect any lender to the extent it defeats the lender's then priority position with respect to its lien or which would convert the lender's loan to an illegal status under such governmental regulations then applicable to the lender involved, unless the approval in writing of any such lender is obtained. Any other amendment to this Declaration adopted in accordance with Section 12.6 of ARTICLE XII shall affect all lenders provided written notice of the proposed amendment is sent to all lenders then of record and the written approval is obtained from the lenders holding the beneficial interest of at least seventy-five percent (75%) of the number of mortgages or trust deeds of record constituting valid first liens against the Project or any portion of it. Due to its financial interest in the Project, a lender may appear at meetings of the voting Owners and of the Board to present objections if violations of this Declaration have not been enforced. A lender is authorized to furnish information to the Board concerning the status of any loan encumbering a Lot. All applicable fire and extended coverage insurance policies shall contain loss payable clauses naming the lenders who encumber Lots by deed of trust or mortgage, as their interests may appear.

## ARTICLE IX

## ASSESSMENTS

Section 9.1 At least thirty (30) days prior to January 1st of each year, the Board shall estimate the total charges to be assessed against the Project and to be expended by the Association during the succeeding year, which shall constitute the maintenance fund (including a reasonable provision for contingencies and adequate reserves for replacements, less any expected surplus from the prior year's fund). The estimated amount required for the maintenance fund shall constitute the aggregate regular assessment, which shall be assessed to and paid by the Owners equally.

Section 9.2 Any increase in or decrease from the amount of the initial aggregate regular assessment shall be assessed to and paid by the Owners pro rata. The aggregate regular assessment shall not be increased more than ten percent (10%) over the preceding year's aggregate regular assessment without the approval of at least fifty-one percent (51%) of the Owners (excluding Declarant).

Section 9.3 In addition to the annual assessment authorized above, the Board may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto or for extraordinary expenses incurred by the Association, provided that any such assessment shall have the vote or written assent of fifty-one percent (51%) of the Owners (excluding Declarant). Special assessments shall be levied on the same basis as regular assessments, except where the special assessment is against one or more Owners for disciplinary reasons.

Section 9.4 Each Owner shall be obligated to pay to the Association his regular assessment in twelve (12) equal install-ments on or before the fifteenth (15th) day of each calendar month and to pay special assessments within thirty (30) days after their levy or at such other times as the Board shall designate. All assessments shall be paid at such place as the Board shall designate. The regular assessment shall commence upon the close of escrow for the sale of the first Lot in the Project. Regular assessments chargeable to or payable for each unsold Lot shall be charged to, be paid by and be the debt of Declarant, or its successor in ownership and shall commence upon the conveyance of the first Lot in the Project. All regular and special assessments levied upon any Lot shall constitute a debt of the Owner of such Lot at the time of the assessment and shall be paid promptly. Interest at the rate of ten percent (10%) per annum shall accrue on all delinquent assessments.

Section 9.5 The amount of any delinquent regular or special assessment, plus interest thereon, and any expenses reasonably incurred in collecting and/or enforcing such assessment, including reasonable attorneys' fees, shall be and become a lien upon the Lot so assessed, which shall attach to the Lot as of the time the Association causes to be recorded in the Office of the Recorder of Riverside County, California, a Notice of Assessment Lien, which shall state:

(1) The amount of the delinquent assessment and such related charges as may be authorized by this Declaration;

(2) The name of the Owner of record or reputed Owner of the Lot; and

(3) A description of the Lot against which the lien has been assessed.

The Notice shall be signed by two officers of the Association. The assessment lien shall also be deemed to secure all of the foregoing items which shall become due and/or incurred relative to the Lot after the recordation of the Notice of Assessment Lien until the completion of the enforcement of the lien or the payment of the full amount secured by the lien, or other satisfaction to be made in connection therewith. No proceeding or action shall be instituted to foreclose the lien until notice of intention to proceed to foreclose the lien has been mailed by the Association to the Owner of the Lot affected by the lien at the last known address of such Owner at least thirty (30) days prior to the commencement of any such action or proceeding. The assessment lien may be enforced by judicial foreclosure; provided, however, that said method of enforcement shall not be exclusive but shall be in addition to any other rights or remedies which the Owners or the Association may have. The Association shall also have the right to bid at any foreclosure sale and to hold, lease, mortgage and convey such Lot upon its purchase. Upon payment of the full amount secured by an assessment lien, including all authorized charges in accordance with the foregoing, or upon any other satisfaction duly made in connection therewith, the Association shall cause to be recorded a notice setting forth the fact of such payment and/or satisfaction and of the release of the assessment lien. Any assessment lien as to any Lot shall at all times be subject and subordinate to any first mortgage or first deed of trust on the Lot which is created in good faith and for value and which is recorded prior to the date of recordation of the assessment lien. In the event any assessment lien is destroyed by reason of the foreclosure of any prior mortgage or deed of trust on a Lot, the interest in the Lot of the purchaser at the foreclosure sale may be subjected to a lien to secure assessments levied on the Lot in the same manner as provided above in this Article.

Section 9.6 All regular and special assessments collected by the Association shall be segregated and deposited into two (2) or more bank accounts. One account shall be maintained by the Association for the purpose of paying all ordinary and customary expenses of maintenance and management of the Project. A second, separate account shall be maintained for the establishment by the Board of a reserve fund for the replacement, refurbishing or emergency repair of the Project. Said reserve account shall be identified as "Trust Account for Replacement", or bear a similar designation, and shall be used only as a depository for assessment funds allocated and segregated for the reserve fund as established for the foregoing purposes.

The Association may maintain such additional accounts as the Board may determine to be necessary or advisable, subject to the limitations set forth in this Section 9.6 as to the deposit and holding of funds allocated for replacement, refurbishing or emergency repairs.

Section 9.7 The Association shall comply with the requirements of the Consumer Credit Protection Act (Public Law 90-321. 82 Stat. 164 et seq.), also known as the "Federal Truth-In-Lending Act" to the extent the same may be applicable.

Section 9.8 The Association shall, upon demand for a reasonable charge not to exceed Fifteen Dollars ($15.00), furnish to the record Owner of a Lot or to any person who qualifies as an "Entitled Person" under Section 2943 of the Civil Code a certificate signed by an officer of the Association setting forth the amount of any unpaid assessment attributable to such Lot and all related charges authorized by this Declaration. Such certificate shall be furnished to the party requesting it within ten (10) days of the date the request is received by the Association.

Provided written request therefor is given to the Association, the holder of the first deed of trust on any Lot in the Project shall be entitled to receive, without charge from the Association, written notice of any default by an Owner in the performance of any obligation of such Owner under this Declaration or the Bylaws of the Association; such notice shall be given concurrently with the giving of notice of default to such Owner, and in any event not less than thirty (30) days prior to initiating foreclosure of any assessment lien affecting such Owner's Unit.

## ARTICLE X

## INSURANCE

Section 10.1 The Association shall procure and maintain in the name of the Association, the Owners and their mortgagees, as their interests may appear, insurance of the following types and amounts:

(1) A policy or policies of fire insurance, with standard extended coverage endorsement, for the maximum insurable replacement value of the buildings and improvements comprising the Project, and for the market value of any personal property owned jointly by the Owners as determined annually by any insurance carrier selected by the Association. At its option, the Board may also obtain insurance against loss caused by breakage of glass, falling objects, water damage, collapse, vandalism, malicious mischief or loss due to such other peril as the Board may consider reasonable or prudent to insure against.

The insurance maintained under this Paragraph (1) shall:

(a) Provide that the liability of the insurer thereunder shall not be affected, and that the insurer shall not claim any right of setoff, counterclaim, apportionment, pro-ration or contribution, by reason of any other insurance obtained by or for the Owner of any Lot;

(b) Contain no provision relieving the insurer from liability for loss occurring while the hazard to the buildings is increased, whether or not within the knowledge or control of the Board, or because of any breach of warranty or condition or any other act or neglect by the Board or any Owner or any other person under either of them;

(c) Contain a waiver by the insurer of its right of subrogation against the Owner of any Lot;

(d) Provide that such policy may not be canceled (whether or not requested by the Board) except by the insurer giving at least thirty (30) days prior written notice thereof to the Board, Owners and every other person in interest who shall have requested such notice of the insurer;

(e) Contain a standard lender's loss payable endorsement; and

(f) Cover the full cost of repair or replacement without deduction for depreciation.

(2) During any period when any repair or reconstruction of the buildings is taking place and the insurance carried under Paragraph (1) would not be applicable, the Board shall maintain course of construction insurance on the buildings in completed value form against all risks of direct physical loss, in an amount not less than the full amount of the cost of such repair or restoration, as estimated by the Board.

(3) A policy or policies of comprehensive general liability insurance insuring the Board and all of the Owners against any liability to the public or to the Owners, their invitees, guests and tenants, incident to the ownership or use of the Common Area. The liability under such coverage shall be not less than Three Hundred Thousand Dollars ($300,000.00) for any one person injured. Five Hundred Thousand Dollars ($500,000.00) for any one occurrence and Fifty Thousand Dollars ($50,000.00) for property damage. Such policy limits shall be reviewed at least every two (2) years by the Board and may be increased in its discretion.

(4) A policy of workmen's compensation insurance to the extent necessary to comply with applicable laws.

(5) A policy of directors and officers liability insurance, insuring the Association against any loss it may incur by reason of any civil claim or claims made against the Association's directors or officers due to the negligent act, error or omission of any of the directors or officers.

(6) A comprehensive crime coverage endorsement, insuring the Association against any loss of money or property due to any fraudulent or dishonest act committed by any employee of the Association.

Section 10.2 The insurance maintained pursuant to Section 10.1 (1) shall name the Association as trustee for all Owners and listed mortgagees according to the loss or damage to their respective Lots, and payable in case of loss to such bank or trust company authorized to do business in California as the Board shall designate for the custody and disposition of all proceeds of such insurance. In case of such loss or damage, all insurance proceeds shall be used as soon as reasonably possible by the Association for rebuilding, repair or otherwise restoring the buildings in a good and workmanlike manner according to the original plans, or according to such modified plans as shall have been approved by the Board and the holders of all first deeds of trust on the respective Lots. The physical boundaries of the improved Lots as constructed, or of any improved Lot reconstructed substantially in accordance with the original plans, shall be conclusively presumed to be the boundaries, rather than any metes and bounds description expressed in any deed or plan, regardless of settling or lateral movement of the buildings and regardless of any minor variations between boundaries shown in any deed or plan and those of the buildings.

Any deficiency shall be assessed to all of the Owners in accordance with their respective shares of Common Area expense. In the event the insurance proceeds available for replacement, repair or rebuilding exceeds the cost thereof, the excess shall be deemed personalty. Nothing contained in this section shall be construed to supersede any provision of Article XI - "Condemnation".

Section 10.3 The Association shall maintain such other insurance and endorsements to any of the insurance described in Section 10.1 (including endorsements which may diminish by deductible clauses or otherwise, as well as increase, the liability of the insurer) as the Board may from time to time determine to be reasonable and proper. The Board shall review the insurance carried by it at least every two (2) years.

Section 10.4 Copies of all insurance policies maintained by the Association shall be retained by the Association and shall be open for inspection by Owners at any reasonable time. All such insurance policies shall provide that they shall not be cancel-able by the insurer, without first giving at least ten (10) days prior notice in writing to the Association.

## ARTICLE XI

## CONDEMNATION

Section 11.1 In the event of an award for the taking of any Lot in the Project by eminent domain, the Owner of such Lot shall be entitled to receive the award for such taking and after acceptance thereof he and his mortgagee shall be divested of all interest in the Project if such owner shall vacate his Lot as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Project or take other action. The regaining portion of the Project shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking and to readjust proportionately the percentages of undivided interest of the regaining Owners in the Project. In the event of a taking by eminent domain of more than one Lot at the same time, the Association shall participate in the negotiations and shall propose the method of division of the proceeds of condemnation, where Lots are not valued separately by the condemning authority or by the court. In the event of inverse condemnation, any award received shall be allocated fairly and proportionately among the Owners of Lots involved. The Association should give careful consideration to the allocation of percentage interests in the Common Area in determining how to divide proceeds of condemnation. In the event any Owner disagrees with the proposed allocation, he may have the matter submitted to arbitration under the rules of the American Arbitration Association. In the event of eminent domain proceedings against the Project or any portion thereof, institutional lenders shall be given timely written notice thereof.

Section 11.2 No provision of this Declaration, or any of the other governing instruments of the Association, gives the Owner of any Lot, or any other party, priority over the rights of any first Mortgagee of any Lot pursuant to its mortgage in the case of a distribution to such Owner of any Lot of a condemnation award for a taking of any Lot and/or the Common Area or portion thereof.

## ARTICLE XII

## MISCELLANEOUS

Section 12.1 Should any of the covenants contained in this Declaration be void or be or become unenforceable by law or in equity, the remaining portions of this Declaration shall, nevertheless, be and remain in full force and effect.

Section 12.2 Any notice permitted or required to be delivered as provided in this Declaration may be delivered either personally or by mail. If delivery is made by mail, such notice shall be deemed to have been delivered to a person twenty-four (24) hours after a copy of it was deposited in the United States Mail, postage prepaid, certified or registered, addressed to such person at the address given by him to the Association for the purpose of such service of notice, or at the address of the Lot owned or represented by such person, if no other address has been given to the Association. Such address may be changed from time to time by written notice delivered to the Association in accordance with the foregoing.

Section 12.3 All questions of interpretation or construction of any of the tens or conditions herein shall be resolved by the Board and its decision shall be final, binding and conclusive on all of the parties affected.

Section 12.4 In the event an attorney is engaged by the Association for the enforcement or defense of any of the provisions of this Declaration, the prevailing party in any resulting litigation shall be entitled to recover from the other party a reasonable sum as attorneys' fees.

Section 12.5 Every person who now or hereafter owns or acquires any right, title or interest in or to any portion of the Project is and shall be conclusively deemed to have consented and agreed to every covenant, condition and restriction and other provisions of this Declaration.

Section 12.6 This Declaration may be amended by an instrument in writing, signed and acknowledged by the Owners (excluding Declarant) of at least three-fourths (3/4) of the Lots in the Project after approval of the amendment at a meeting of the voting Owners duly called for such purpose; provided, however, that the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under such clause or provision. After said acknowledgment in writing, the amendment shall become effective upon its recordation in the Office of the Recorder of Riverside County, California; but no such amendment shall affect the rights of the holder of any mortgage or deed of trust recorded prior to the recordation of the amendment, unless approved in accordance with Section 8.4 of Article VIII hereof.

Section 12.7 This Declaration, every provision hereof and every covenant, condition and restriction contained herein shall continue in full force and effect for a period of fifty (50) years from the date hereof, unless the Owners of three-fourths (3/4) of the Lots have executed and recorded at any time within six (6) months prior to said date, in the manner required for a conveyance of real property, a writing in which they agree that this Declaration shall continue for a further specified period and providing therein a similar provision for the further extension of this Declaration.

Section 12.8 All restrictions, conditions, covenants and agreements contained herein are made for the direct mutual and reciprocal benefit of each and every Lot in the Project; shall create mutual, equitable servitudes upon each Lot in favor of every other Lot; shall create reciprocal rights and obligations between the respective Owners of all Lots and privity of contract and estate between all grantees of said Lots, their heirs, successors and assigns; and shall, as to the Owner of each Lot, his heirs, successors and assigns, operate as covenants running with the land, for the benefit of all other Lots.

Section 12.9 This Declaration is also made for the benefit of the County of Riverside, which has the right (but not the obligation) to enforce all of the terms and provisions of this Declaration in the same manner, and to the same extent, as the Owner of any Lot.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration as of the date first above written.

CANYON CREST DEVELOPMENT, INC.,
a California corporation

By ______________________
President

By ______________________
Secretary

STATE OF CALIFORNIA )
) SS.
COUNTY OF RIVERSIDE )

On November 11, 1980, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Thomas G. Buckley, known to me to be the President of CANYON CREST DEVELOPMENT, INC., and Linda L. Willeford, known to me to be the Secretary of CANYON CREST DEVELOPMENT, INC., and who are also known to me to be the persons who executed the within instrument on behalf of said corporation, and acknowledged to He that such corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in the County of Riverside, State of California the day and year first above written.

**Notary Public in and for said County and State**

OFFICIAL SEAL
Pamela Rae Darrow

EXHIBIT "A"

Lots 1 to 27 inclusive and Common lot 28 of Tract No. 12807 as shown by Map on file recorded in Book 118 Page 78 & 79 of Maps, Records of Riverside County, California.