94-371295

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 30th day of August, 1994, by Energy Production & Sales Co. , A California Corporation (hereinafter referred to as " Declarant ", with reference to the following:

RECITALS:

A. Declarant is the owner of that certain real property located in Havasu Lake, County of San Bernardino, State of California, which is more particularly described as:

> Lots 1 through 135 of Tract No. 8284 as per map recorded in Book 118, Pages 85 to 92 Inclusive of maps, official records of County Recorder of San Bernardino County.

B. The Development of the property described in Recital A above is planned to consist of 130 residential Lots and 5 unimproved Lots, more specifically Lots 131 through 135 which are unimproved use Lots, these CCR's do not apply to Lots 131 through 135.

C. The Common Area consist of the Parkway [easement] or setback from the curb-line to the Lot Line of each Lot 1 through 130, will be maintained by Havasu Mobile Estates Association, Inc. , a California non-profit mutual benefit corporation (" Association "), the member of which will be the Owners of the residential Lots.

NOW, THEREFORE. Declarant hereby declares and does hereby establish the following general plan for the benefit of all of the real property described above and does hereby establish the following covenants, conditions and restrictions upon each and every ownership interest in the real property described above and under which said covenants. conditions and restrictions each shall be hereafter held, used, occupied, leased, sold, encumbered, conveyed and or transferred. Each of said covenants, conditions and restrictions are for the purpose of protecting the value of and shall inure to the benefit of all of the real property described above and shall run with and be binding upon and pass with said real property and each and every ownership interest therein and shall inure to the benefit of and bind the respective successors in title or interest of the Declarant.

ARTICLE I

DEFINITIONS

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

Section 1.2 "Association" shall mean and refer to Havasu Mobile Estates Association, Inc. , a California nonprofit mutual benefit corporation, it's successors and assigns [those who come after].

Section 1.3 "Board" or "Board of Directors" shall mean and refer to the governing body [leaders] of said Association.

Section 1.4 "By-Laws" shall mean and refer to the By-Laws [rule and regulation] of the Association and any amendments [a change for the better] to said By-Laws.

Section 1.5 "Common Area" shall mean all real property owned by the Association [No real property at the time of this declaration is currently owned by the Association]

Section 1.6 "Declarant" shall mean and refer to ENERGY PRODUCTION % SALES CO. , a California corporation, their successors and assigns (those who come after) if such successors or assigns should acquire more than one (1) undeveloped Lot from Declarant for the purpose of development.

Section 1.7 "Declaration" shall mean and refer to this enabling Declaration of Covenants, [statement of agreement] Conditions and Restrictions.

Section 1.8 "Eligible Insurer or Guarantor" [Institution guaranteeing loan backer] shall mean and refer to an insurer or governmental guarantor who has requested notice from the Association of those matters which such insurer or guarantor is entitled to notice of by reason of the Declaration or the By-Laws of the Association.

Section 1.9 "Eligible Mortgage Holder" shall mean and refer to a holder of a first Mortgage on an improved residential lot who has requested notice from the Association of those matters which such holder is entitled to notice of by reason of the Declaration or the By-Laws of the Association.

Section 1.10 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the described Properties, with the exception of the Common Area if any in the future.

Section 1.11 "Member" shall mean and refer to an Owner as defined in Section 1.14, Article I herein.

Section 1.12 "Mortgage" shall mean and refer to a Deed of Trust as well as a mortgage.

Section 1.13 "Mortgagee" shall mean and refer to the beneficiary of a Deed of Trust as well as the mortgagee of a Mortgage [lien attached to real property] encumbering a Lot.

Section 1.14 "Owner" shall mean and refer to the record owners, whether one or more persons or entities, of fee simple title to any Lot which is part of the described Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

Section 1.15 "Project" shall mean and refer to the Property and the Improvements together with all appurtenances and facilities thereof if any.

Section 1.16 "Properties" shall mean and refer to that certain real property described in Recital A to the Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY RIGHTS IN COMMON AREA

Section 2.1 Title to the Common Area Declarant has no Title to Common Area. However, Havasu Mobile Estates Association shall maintain all Lighted Palm trees and street lights located in the parkway. Maintenance to include water, electric, repair and service.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

Section 3.1 Membership: Every owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant [belonging to] and may not be separated from ownership of any Lot which is subject to assessment.

Section 3.2 Voting Rights: Every Lot owner shall have one [1] vote per Lot owned.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS TO THE ASSOCIATION

Section 4.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the Properties, hereby covenants, and each owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay the Association: [a] annual assessments or charges, which shall include an adequate reserve fund for the periodic maintenance, repair and replacement of the Common Area if any, and [b] special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. The lien shall be effective upon recordation of a notice delinquent assessment. Each such assessment, of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 4.2 Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents of the Properties, for the improvement and maintenance to the parkway, and the exterior of the residential units, if applicable, and to reimburse the Association for costs incurred in bringing an Owner into compliance with the Declaration, the Articles, the By-Laws, or rules and regulations adopted by the Board.

Section 4.3 Maximum Annual Assessment: January 1st of every year, the maximum annual assessment shall be due on January 1st of each year. However the Board may fix the annual assessment at an amount not in excess of the maximum.

Section 4.4 Special Assessment: In addition to the annual assessments authorized above, the

Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement, including fixtures, to the Common Area, provided that any such assessment shall have the majority vote the the membership at an annual or special meeting.

The Association may also levy, subject to Section 4.10, hereof, a special assessment against any Member to reimburse the Association for costs incurred in bringing a Member and his/her Lot into compliance with the provisions of this Declaration, the Articles, the By-Laws or the rules and regulations adopted by the Board, which special assessment may be levied by the vote of the Board after notice and opportunity for a hearing which satisfy the requirements of the California Corporation Code. { see By-Laws]. The provision set forth above in the first paragraph of this Section 4.4 do not apply to any such special assessment levied against a member to reimburse the Association for costs incurred in bring a Member and his/her Lot into compliance with the provisions of this Declaration, the By-Laws, the Articles, or any rules or regulations adopted by the Board.

Section 4.5. Notice and Quorum for any Action Authorized Under Section 4.3 and 4.4. Any action authorized under Section 4.3 or Section 4.4 requiring the vote of the Members, shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Members not less than ten [10] days nor more than ninety [90] days in advance of the meeting. A quorum at all meetings of the membership shall consist of more than 50% [percent] of the voting members. A majority vote of those present shall constitute an action.

Section 4.6 Uniform Rate of Assessment. Annual and special assessments [other than a special assessments levied against an Owner to bring the Owner or his/her Lot into compliance with this Declaration, the Articles, the By-Laws or the Association's rules and regulations] shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 4.7 Date Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot to an Owner. The first annual assessment 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 sixty [60] days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board.

Section 4.8 Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment made in accordance with this Declaration shall be a debt of the Owner of a Lot from the time the assessment is due. Any assessment not paid within thirty [30] days after the due date shall be delinquent and shall bear interest from the due date at the rate of seven percent [7%] per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, and in addition thereto, or in lieu thereof, may foreclose the lien against the Lot.

The amount of any such delinquent assessment plus any other charges thereon, as provided for in this Declaration, shall be and become lien upon the Lot when the Association causes to be recorded with the County Recorder a Notice of Delinquent Assessment, which shall state the amount of such delinquent assessment and such other charges thereon as may be authorized by this Declaration, a description of the Lot against which the same has been assessed and the name of the record Owner thereof. Such notice shall be signed by the President or Vice-

President and the Secretary or Assistant Secretary of the Association. Upon payment of such delinquent assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof. Unless sooner satisfied and released, or the enforcement thereof initiated as hereinafter provided, such lien shall expire and be no further force and effect one [1] year from the date of recordation of the Notice of Delinquent Assessment. The one [1] year period may be extended by the Association for not to exceed one [1] additional year by recording a written extension thereof. The lien may be enforced by sale, by the Association after failure of the Owner to pay the assessment in accordance with its terms, such sale shall be conducted in accordance with the provisions of Section 2924, 2924[b], and 2924[c] of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association shall have the power to purchase the Lot at the foreclosure sale and to hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid assessments, rent and attorney fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 4.9 Subordination of the Lien to First Deeds of Trust and First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage upon any Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or non judicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot form lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first Mortgage or other purchaser of a Lot obtains title to the same as a result of foreclosure, such acquirer of title, his/her successors and assigns, shall not be liable for the share of the common expenses [if any] or assessments by the Association chargeable to such Lot which became due prior to the acquisition of tittle to such Lot by such acquirer. Such unpaid share of common expenses [if any] or assessments shall be deemed to be common expenses collectible from all of the Lots including such acquiror, his/her successors and assigns.

Section 4.10 Treatment of Monetary Penalty. A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Declaration or By-Laws or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area [if any][for which the Member was allegedly responsible or in bringing the Member and his/her Lot into compliance with the Declaration or By-Laws shall not be treated as an assessment which may become a lien against the Member's Lot enforceable as provided in Business and Professional Code Section 11003.3. This section shall not apply to charges imposed against an Owner which are reasonable late payment penalties for delinquent assessments nor charges to reimburse the Association for the loss of interest and for costs reasonably incurred [including attorneys' fees] in it's efforts to collect delinquent assessments.

Section 4.11 Estoppel Certificate. The Association shall furnish or cause an appropriate officer to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of it's issuance.

Section 4.12. Personal Liability of Owner. No member may exempt himself/herself from

personal liability for assessments, nor any part thereof, levied by the Association, nor release the Lot owned by him/her from the liens and charges hereof by waiver of the use and enjoyment of the Common Area [if any] and or by abandonment of his/her Lot.

Section 4.13. Exempt Property. All Properties dedicated to and accepted by a local public authority, and all properties owned by a charitable nonprofit organization exempt from taxation by the laws of the State of California, shall be exempt from said assessment created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No mobile home, building, fence wall, patio, patio cover or other structure or improvement or any alteration whatsoever shall be commenced, erected, placed or altered upon any Lot, nor shall any alterations or changes, including, but not limited to, the removal or addition of any planting or furnishing, be made to those portions of any Lot visible from any other Lot or the Common Area [if any], until the location and complete plans and specifications showing the nature, kind, shape, height and materials, including the color scheme, have been submitted to and approved in writing as to harmony of external design and location of surrounding structures and topography by the Board of Directors of the Association., or by an architectural committee appointed by the Board of Directors and composed of three [3] or more, but not to exceed five [5], representatives. In the event the Board or it's designated committee fails to approve or disapprove such location, plans and specifications or other requests within thirty [30] days after the submission thereof to it, then such approval will not be required, provided that any structure, improvement, or alteration, so effected or made, conforms to all the conditions and restrictions herein contained, and is in harmony with similar structures erected within the Properties and the appearance thereof. The grade, level or drainage characteristics of the Lot or any portion thereof, shall not be altered without the prior written consent of the Board or it's designated committee.

ARTICLE VI

USE RESTRICTIONS

Section 6.1 Residential Use Only Each Lot shall be used only for residential purposes and no building shall be built, altered or maintained on any Lot other than one [1] single family dwelling.

Section 6.2 Antennae. Outside television or radio antennae constructed, installed or maintained on any Lot is permitted without the Association approval. However satellite dish installation requires approval form the Association or it's designated committee.

Section 6.3 Signs. No signs larger than 3' x 3' are to be displayed upon said Lots. No

permanent sign shall be allowed except house numbers indicating the street address of such Lot

Section 6.4 Commercial Activity. Except for sales of Lots, no commercial business shall be conducted on any Lot, and nothing shall be done upon any Lot which may become an annoyance or nuisance to the neighborhood or other Lot owners, provided, however, that the ordinary and usual techniques of construction of improvements permitted hereunder shall not be deemed a nuisance.

Section 6.5 Leasing of Lots. Each Owner shall have the right to lease his Lot, provided that all such leases must be in writing, provide that the lease is subject to this Declaration, the Articles and By-Laws, and that any failure of the lessees to comply with the provisions of each such document shall constitute a default under the lease. A lessee shall have no obligation to the Association to pay assessments imposed by the Association nor shall any lessee have any voting rights in the Association.

Section 6.6 Insurance Risk. No unit shall be occupied or used for any purpose or in any manner which shall cause such improvements to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California Standard Fire Policy form, or cause any policy or policies representing such insurance to be canceled or suspended or the company issuing the same to refuse renewal thereof.

Section 6.7 Pets. Pets are permitted within a unit subject to reasonable rules hereafter made by the Board of Directors of the Association. Except for pets, no animals, livestock, outdoor birds or poultry shall be brought within the Project or kept in or on any Lot thereof.

Section 6.8 Reasonable Enjoyment. No unit shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of other units or annoy them by unreasonable noises or otherwise, nor shall any nuisance, or immoral or illegal activity be committed or permitted to occur in any unit.

Section 6.9 Nuisance. No noxious or offensive activity shall be carried on in any unit or in the Common Area [if any], nor shall anything be done therein which may be or become an annoyance or nuisance to the Owners. Nothing shall be done in any unit or in, on, or to the Common Area [if any] which will impair the structural integrity of any building or which would structurally change any building within the Project. Nothing shall be altered or constructed in or removed from the Parkway, except upon written consent of the Board of Directors or it's designated committee. All equipment, trash cans, wood piles shall be kept in a neat and orderly appearance. All rubbish trash, or garbage shall be regularly removed from each unit and shall not be allowed to accumulate thereon or on the adjacent property.

Section 6.10 Overhauls. Homeowners may overhaul their personal cars in the driveway, but not store it there when it is not being worked on, as this will create an eyesore.

Section 6.11 Storage On Vacant Lots. Vacant Lot [s] shall not be used as a storage area for any purpose.

Section 6.12 Architectural Control Committee.

(a) (1) The committee for the control of structural and landscaping architecture and design (Architectural Control Committee) within the subdivision shall consist of not less than three not more than five members.

(2) The subdivider may appoint all of the original members of the Architectural Control Committee and all replacements until the first anniversary of the issuance of the original public

report for the first (or only) phase of the subdivision. The subdivider may reserve to himself the power to appoint a majority of the members of the Committee until 90% of all the subdivision interest in the overall development have been sold or until the fifth anniversary of the original issuance of the final public report for the first (or only) phase of the subdivision, whichever first occurs.

(3) After one year from the date of issuance of the original public report for the first (or only) phase of the subdivision, the governing body of the Association shall have the power to appoint one member to the Architectural Control Committee until 90% of all of the subdivision interests in the overall development have been sold or until the fifth anniversary date of the original issuance of the final public report for the first (or only) phase of the subdivision, whichever first occurs. Thereafter the governing body of the Association shall have the power to appoint all of the members of the Architectural Control Committee.

(b) Members appointed to the Architectural Control Committee by the governing body shall be from the membership of the Association. Members appointed to the Committee by the subdivider need not be members of the Association.

ARTICLE VII

MAINTENANCE

Section 7.1 Owners Maintenance. Each Owner shall maintain in good repair and appearance all portions of his/her Lot and improvements thereon, including any fence which is on the boundary line of the Lot. The Owner of each Lot shall care for the landscaping located on his/her Lot so that the same presents a neat and attractive appearance.

Section 7.2 Association's Rights to Repair Neglected Lots. In addition to maintenance on the Common Area [if any], in the event an Owner of any Lot should fail to maintain the premises and improvements situated thereon in a manner satisfactory to the Board, the Association, after approval by two-thirds [2/3] vote of the Board, shall have the right, through agents and employees, to enter said Lot and to repair, maintain and restore the Lot and exterior of the building and any other improvements erected thereon. However, no entry into a dwelling unit may be made without the consent of the Owner, unless circumstances dictate that such entry is required and such consent cannot be reasonably obtained within a reasonable amount of time under the circumstances. Except as herein provided to the contrary, such entry shall be made only after no less than three [3] days notice has been given to the Owner. Entry shall be made with as little inconvenience to the Owner as possible and any damage caused thereby shall be repaired by the Association. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such Lot is subject. There is hereby created an easement in favor of the Association to enter onto each Lot which is subject to assessment hereunder to provide maintenance as herein above stated, subject to the foregoing notice and consent requirements.

Section 7.3 Utilities.

[a] Owners' Rights and Duties. The rights and duties of the Owners of Lots within the Project with respect to sanitary sewer/septic, water, electricity, gas and telephone lines.

[1] Whenever sanitary sewer/septic, water, electricity, gas and telephone lines, which connections, or any portion thereof, lie in or upon Lots owned by other than the Owner of a Lot served by said connection, the Owners of any Lots served by said connections shall have the

right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Lots or to have the utility companies enter upon the Lots in or upon which connections, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when necessary.

[2] Whenever sanitary sewer/septic, water, electricity, gas or telephone lines or connections, are installed within the Project which connections serve more than one Lot, the Owner of each Lot served by said connection shall be entitled to the full use and enjoyment of such portions of said connections to service his/her Lot.

[3] 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 the decision of the Board shall be final and conclusive on the parties.

[4] Notwithstanding the above paragraphs, each Owner is responsible for maintaining sewer/septic system in good working order and water supply lines from the meter to the house are the responsibility of each Owner.

[b] Easements for Utilities and Maintenance. Easements over and under the Project for the installation, repair and maintenance of electric, telephone, water, gas and sanitary sewer/septic lines and facilities, walkways and landscaping, as may now or hereafter be required or needed to service the Project, are hereby reserved by the Declarant and it's successors and assigns, including the Association, together with the right to grant and transfer the same.

ARTICLE VIII

PARTY WALLS

Section 8.1 General Rules of Law to Apply. Each wall which is built as part of the original construction of the home upon the Properties and placed on the dividing line between to Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article VIII , the general rules of law regarding party walls and liability for damage due to negligence or willful acts or omissions, shall apply thereto.

Section 8.2 Sharing of Repair and Maintenance. The costs of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 8.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice subject, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 8.4. Weatherproofing. Notwithstanding any other provision of this Article VIII, an Owner who by his/her negligent or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 8.5 Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under the Article VIII shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 8.6 Arbitration. In the event of any disputes arising concerning a party wall or under the provisions of this Article VIII, each party shall choose one arbitrator, and such arbitrator shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE IX

RIGHTS OF LENDERS

The following provision modify all other provision of the Declaration and the By-Laws and any other governing documents of the Association. As used herein, "Mortgagee" includes holder of a Deed of Trust upon real property.

Section 9.1. A first Mortgagee at his/her request is entitled to written notification from the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under this Declaration of Restrictions, the By-Laws and the Articles of Incorporation, which is not cured within thirty [30] days.

Section 9.2 Any first Mortgagee who comes into possession of the Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage, shall be exempt from any "right of first refusal".

Section 9.3 Any first Mortgagee who comes into possession of the Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage, shall take the property free of any claims for unpaid assessments or charges against the Mortgaged Lot which accrue prior to the time such holder comes into possession of the Lot [except for claims for a pro rata re-allocation of such assessments or charges to all Lots, including the Mortgaged Lot].

Section 9.4 First Mortgagees shall have the right to examine the books and records of the Association or the project and can require the submission of financial data concerning the Association or the project, including annual audit reports and operating statements as furnished to the Owners.

Section 9.5. An Adequate reserve fund to enforce compliance to this Declaration, By-Laws and Articles shall be established and funded.

Section 9.6. All taxes, assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to the individual Lots and not to the Project as a whole.

Section 9.7. No provision of the By-Laws, Articles of Incorporation or this Declaration of Restrictions gives a Lot Owner, or any other party, priority over any rights of first Mortgagees of Lots pursuant to their Mortgages in the case of a distribution to Lot Owners of insurance proceeds or condemnation awards for losses to or a taking of Lots.

Section 9.8. Any agreement for professional management of the Project shall provide that the management contract may be terminated without cause and without termination payment on ninety [90] days' written notice and the terms of any such contract does not exceed three [3]

years.

ARTICLE X

GENERAL PROVISION

Section 10.1 Enforcement. The Association and any Owner shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants and reservations now or hereafter imposed by the provision of the Declaration.

[a] It is hereby declared and agreed that the remedy at law to recover damages for the breach [break] of any of the covenants contained in the Declaration is inadequate. the remedies for such breach shall be as hereafter set forth.

[b] Breach of any of the covenants contained in this Declaration and the continuation of any such breach may be enjoined, [to order or command a person or group to a course of action or conduct], abated [to deduct as part of payment] or remedied by appropriate legal proceedings by any Owner, or by the Board of Directors of the Association.

[c] The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be law or equity against a nuisance, either public or private, shall be by any Owner, or by the Board of Directors of the Association.

[d] 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.

[e] The failure of Declarant, the Board of Directors 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 Declarant.

[f] In the event the Board of Directors of the Association or any Owner commences an action in law or in equity to enforce any provision of this Declaration against and Owner, Owners or any successor in interest to such Owner or Owners, the prevailing party shall be entitled to all reasonable cost incurred, including reasonable attorney's fees.

Section 10.2 Severability. Should any provision in this Declaration be void or become invalid or unenforceable in law or in equity by judgment or court order, the remaining provision hereof shall be and remain in full force and effect.

Section 10.3 Amendments. Except as otherwise provided, this Declaration may be amended by an instrument in writing signed by seventy five percent [75%] of the voting power of the Members of the Association. Each amendment shall become effective upon recordation with the Office of the County Recorder of San Bernardino County, California. For these purposes, any amendments to provisions of this Declaration governing any of the following subjects, shall be deemed "material to a Mortgagee",

[a] Voting;

[b] Assessments, assessment liens or subordination of such liens;

[c] Reserves for maintenance, repair and replacement for the Common Area [if any];

[d] Casualty insurance, liability insurance or fidelity bonds;

[e] Rights to use Common Area [if any];

[f] Responsibility for maintenance and repair of the several portions of the Properties;

[g] Expansion or contraction of the Properties or the addition, annexation or withdrawal of any property to or from the overall development;

[h] Boundaries of any improved residential Lot;

[i] Leasing of any improved residential Lot;

[j] Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his/her Lot;

[k] Any provision which are for the express benefit of Mortgage holders, Eligible Mortgage Holders or Eligible Insurers or Guarantors.

An addition or amendment to the Declaration of By-Laws shall not be considered material if it is for the purpose of correcting technical errors or for clarification only. An Eligible Mortgage Holder who does not deliver or mail to the requesting party a negative response within thirty [30] days shall be deemed to have approved such request.

Section 10.4. Extension of Declaration. Each and all of these covenants, conditions and restrictions shall run with and bind the land for a term of forty [40] years from the date this Declaration is recorded, after which date they shall automatically be extended for successive periods of ten [10] years.

Section 10.5 Encroachment Easement. In the event any improvement to a Lot encroaches [to advance beyond the proper or usual limits] upon the Common Area [if any] as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion thereof, an easement for the encroachment and for maintenance of the same shall exist so long as the encroachment exists. Each Owner of a Lot within the Properties is hereby granted an easement

over all adjoining Lots for the purpose of accommodating encroachments due to design,

construction, engineering errors, settlement or shifting of a building or roof overhang. There shall be easements for the maintenance of said encroachments so long as they shall exist and the rights and obligations of Owners shall not be altered in any way by said encroachments, settling or shifting, provided, however, that in no event shall an easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed and then rebuilt, or repaired, the Owners of such Lot agree that minor encroachments over adjoining Lots shall be permitted and there shall be easements for maintenance of such encroachments so long as they shall exist.

Section 10.6 Restrictions Upon Alienation.
{A}. Any provision which purports to restrict or abridge whether directly or indirectly, the right of an owner to sell or lease his subdivision interest must include uniform, objective standards for invoking a restriction upon sale or lease, none of which shall be based upon the race, color, religion, sex, martial status, national origin or ancestry of the vendee or the lessee.

{B} If the owner gives notice to the Association of the terms of a bona fide offer by a person who does not meet the prescribed standards and of his intention to accept the offer, the Association may have a period of not to exceed 15 days after receipt of the notice to procure or to make an offer on terms not less favorable to the owner than the terms of the offer of the person failing to meet the prescribed standards.

[1] If the Association does not procure and offer or make an offer on its own behalf within 15 days after receipt of the aforesaid notice, the restrictions shall be deemed waived and the owner may thereafter sell to any person provided that the terms of sale are not less favorable to him than the terms of the original offer which failed to meet the prescribed standards.

ARTICLE XI

CONDEMNATION

Section 11.1 Sale by Unanimous Consent. If an action for condemnation [to pronounce or declare to be unfit for use] of all or a portion of the Project is proposed or threatened by any governmental agency having the right of eminent domain [the right or power of the state to take private property for public use, or to control its use], then, on unanimous written consent of all of the Owners and after written notice to all Mortgagees, the Project, or a portion of it may be sold.

Section 11.2 Distribution of Condemnation Award. A condemnation award affecting all or a part of the Common Area [if any] which is not apportioned among the Owners by court judgment or by agreement between the condemning authority and each of the affected Owners in the Project, shall be distributed amount the affected Owners and their respective mortgagees, based upon the relationship of the fair market value of each Lot to all other Lots immediately prior to condemnation, said appraisal to be prepared by an appraiser employed by the Board.

ARTICLE XII

94-371295

COVENANT AGAINST PARTITION

By acceptance of his/her deed, each Owner shall be deemed to covenant for himself/herself and for his/her heirs, representatives, successors and assigns, that he/she will not institute legal proceedings to effect judicial partition [the act of dividing, separating] of his/her interest in the Project property, unless and until the Project [a] has been in existence for in excess of forty [40] years, [b] the Project is obsolete and serves no further economic purpose in its then condition, and [c] the Owners of fifty percent [50%] of the Lots join in such an action for partition.

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

ENERGY PRODUCTION & SALES CO. ,INC.,
a California corporation

By _____

STATE OF CALIFORNIA

COUNTY OF ORANGE

ON AUGUST 30, 1994 before me, HEIDI M. ESTRADA, NOTARY PUBLIC personally appeared EVERETT L. HODGES PERSONALLY KNOWN TO ME to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity and that by his signature on the instrument the persons, or the entity upon behalf of which th person acted, executed the instrument.

WITNESS my hand and official seal.

Heidi M. Estrada

My Commission Expires December 12, 1994

OFFICIAL NOTARY SEAL
HEIDI M. ESTRADA
Notary Public — California
ORANGE COUNTY
My Comm. Expires DEC 12,1994