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LA QUINTA TENNIS VILLAS
HOMEOWNERS ASSOCIATION

When Recorded, Return to:

FIORE, RACOBS & POWERS
A Professional Law Corporation
74-361 Highway 111, Suite 1
Palm Desert, California 92260

**AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
LA QUINTA TENNIS VILLAS
RE-RECORDED TO INCLUDE EXHIBIT "B"**

**AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS FOR
LA QUINTA TENNIS VILLAS**

A Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for La Quinta Hotel Tennis Villas was executed by Landmark Land Company of California, Inc. a Delaware corporation ("Declarant"), on August 31, 1984, and was recorded on September 7, 1984, as Instrument No. 195558, in the Official Records of Riverside County, California ("Original Declaration"). The Original Declaration, which affects all of the Property described and commonly known as La Quinta Tennis Villas, is hereby amended and restated in its entirety to read as follows:

RECITALS

A. Declarant was the original owner of that certain real property ("Property") located in the City of La Quinta, County of Riverside, State of California, which is more particularly described as:

Lot 1 of Tract No.18765-1, as shown on a Subdivision Map filed in Book 136, at Pages 32 to 33, inclusive, of Maps, in the Office of the Riverside County Recorder.

Lot 1 of Tract No. 18765-2, as shown on a Subdivision Map filed in Book 148, at Pages 21-22, inclusive, of Maps, in the Office of the County Recorder.

B. Declarant conveyed the Property, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declaration referred to above, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and all of which shall run with the Property and be binding on all parties having or acquiring any right, title or interest in the Property, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

C. It was the further intention of the Declarant to sell and convey residential Condominiums to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners which are set forth in this Declaration and which are intended to be in furtherance of a general plan for the protection, subdivision, maintenance, development, improvement, sale and use of the Property in furtherance of a plan of condominium ownership as described in Section 1351(e) of the California *Civil Code*. Finally, it was the intention of Declarant that the "Common Areas" be maintained by the Association, but reserved exclusively for the use and enjoyment of the Members of the Association, their tenants, lessees, guests and invitees, all subject to the terms and conditions of the Governing Documents.

D. On _____, 2003, at least sixty percent (60%) of the voting power of the Association, voted by written ballot to amend and restate the Original Declaration, all in accordance with the procedures for amendment set forth in the Original Declaration. Additionally, at least seventy-five percent (75%) of the holders of first Mortgages on Condominiums within the Project consented to amend and restate the Original Declaration. It was the intention of the Owners to replace the Original Declaration, in its entirety, with the recordation of this

Declaration. The Owners' action to amend and restate the Original Declaration as set forth in this Declaration and the fact that the requisite percentage of affirmative votes required in the Original Declaration was achieved, is attested by the execution of this Declaration by duly authorized officers of the Association, as required by the Original Declaration and California *Civil Code* Section 1355(a). As so amended and restated, the easements, covenants, restrictions and conditions set forth herein shall run with the Property and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

1.1 "**Architectural Review Committee**" means the committee created in accordance with Article V of this Declaration.

1.2 "**Articles**" means the Articles of Incorporation of the La Quinta Hotel Tennis Villas Owners Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

1.3 "**Assessment**" means any Regular, Special or Reimbursement Assessment made or assessed by the Association against an Owner and his or her Unit in accordance with the provisions of Article IV of this Declaration.

1.4 "**Association**" means La Quinta Tennis Villas Homeowners Association, a California nonprofit mutual benefit corporation (formed pursuant to the Nonprofit Corporation Law of the State of California), its successors and assigns. The Association is an "association" as defined in California *Civil Code* Section 1351(a).

1.5 "**Association Property**" means all of the real and personal property and Improvements to which the Association holds fee title or over which the Association shall hold an easement (other than the Common Areas) for the common use and enjoyment of the Members or for maintenance purposes as provided in this Declaration. The Association Property is more particularly described in Exhibit "A."

1.6 "**Association Rules**" means the rules, regulations and policies adopted by the Board of Directors of the Association, pursuant to Section 3.7 of this Declaration, as the same may be in effect from time to time.

1.7. "**Beneficiary**" shall mean a Mortgagee under a Mortgage or a Beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee or Beneficiary.

1.8 "**Board of Directors**" or "**Board**" means the Board of Directors of the Association.

1.9 "**Bylaws**" means the Amended and Restated Bylaws of the Association.

1.10 "**City**" means the City of La Quinta and its various departments, divisions, employees and representatives.

1.11 "**Common Area**" means the entire Project except all Units, as defined in Section 1.31 and shown on the Condominium Plan.

1.12 "**Common Expense**" means any use of Common Funds authorized by Article IV hereof and Article IX of the Bylaws and includes, without limitation: (a) All expenses or charges incurred by or on behalf of the Association in carrying out its management, maintenance and administration responsibilities, (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors, (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and for nonpayment of any Assessments, and (d) the use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

1.13 "**Condominium**" means an estate in real property as described in the California *Civil Code* Sections 783 and 1351(f) consisting of an undivided interest as a tenant in common in all or any portion of the Common Area, together with a separate fee interest in a Unit and any other separate interests in the real property as are described in this Declaration, in the Condominium Plan or in the deed conveying the Condominium.

1.14 "**Condominium Plan**" means the Condominium Plan recorded on July 25, 1984, as Instrument No. 161023, in the Official Records of the Office of the Riverside County Recorder, and any amendments to the Plan.

1.15 "**Declarant**" means the original developer of the Property, namely Landmark Land Company of California, Inc.

1.16 "**Declaration**" means this instrument, as it may be amended from time to time. The "Original Declaration" means and refers to the document referenced in the Preamble to this Declaration, together with all amendments and annexations thereto, adopted prior to adoption of this Declaration.

1.17 "**Governing Documents**" is a collective term that means and refers to this Declaration and to the Articles, the Bylaws and the Association Rules.

1.18 "**Improvement**" includes, without limitation, the construction, installation, alteration, or remodeling of any awnings or screens, or of any buildings, walls, decks, fences, balconies, patios, swimming pools, landscaping, landscape structures, skylights, solar heating equipment, spas, antennas, utility lines, or any structure of any kind. In no event shall the term "Improvement" be interpreted to include projects which are restricted to the Unit interior and which do not involve the roof or any load bearing wall thereof.

1.19 "**Member**" means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Section 15.6 of this Declaration.

1.20 "**Mortgage**" means any security device encumbering all or any portion of the Property, including any deed of trust. "Mortgagee" shall refer to a Beneficiary under a

deed of trust as well as to a Mortgagee in the conventional sense.

1.21 "**Owner**" means any person, firm, corporation or other entity which owns a record fee interest in any Condominium.

1.22 "**Owner of Record**" and "**Member of the Association**" include an Owner and mean any person, firm, corporation or other entity in which title to a Condominium is vested as shown by the official records of the Office of the County Recorder.

1.23 "**Project**" means the Property and the improvements located thereon which are intended to create a condominium project as described in California *Civil Code* Section 1351(f).

1.24 "**Property**" means all parcels of real property (Common Area and Condominium Units) described in recital "A" hereof, together with all buildings, structures, utilities and other improvements located thereon, and all appurtenances thereto.

1.25 "**Regular Assessment**" means an Assessment levied on an Owner and his or her Condominium in accordance with Section 4.2 hereof.

1.26 "**Reimbursement Assessment**" means an Assessment made against an Owner and his or her Condominium in accordance with Section 4.4 hereof.

1.27 "**Residential Use**" means occupation and use of a Unit for dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy residential dwellings.

1.28 "**Restricted Common Area**" shall mean those portions of the Common Area over which exclusive easements are reserved for the benefit of certain Owners, for patio and deck purposes.

1.29 "**Special Assessment**" means an Assessment levied on an Owner and his or her Condominium in accordance with Section 4.3 of this Declaration.

1.30 "**Street Agreement**" means that certain agreement pertaining to the maintenance of the private streets Calle Mazatlan and Avenida Fernando, and the allocation of the proportionate costs of such maintenance, which Street Agreement was recorded on August 24, 1984, as Instrument No. 84-177367, in Official Records of Riverside County, California, as it may be amended from time to time, a current copy of which is attached as Exhibit "B" and incorporated into this Declaration by this reference.

1.31 "**Unit**" means the elements of a Condominium that are not owned in common with the Owners of Condominiums in the Project, such Units and their respective boundaries being shown and particularly described in the Condominium Plan, deeds conveying Condominiums and this Declaration. "Unit" does not include other interests in real property that are less than estates in real property, such as exclusive or nonexclusive easements. In interpreting deeds and plans, the existing physical boundaries of a Unit, or of a Unit

reconstructed in substantial accordance with the original plan, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed or Condominium Plan or in the deed and those of the building and regardless of settling or lateral movement of the building. Whenever reference to a Unit is made in this Declaration, in the Condominium Plan, in any deed, or elsewhere, it shall be assumed that such reference is made to the Unit as a whole, including its Living Area and Garage Area, as defined in the Condominium Plan.

ARTICLE II

PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

2.1 Elements of Condominium. Ownership of each Condominium within the Project includes a Unit and a undivided interest in the Common Area lot in which the Unit is located and appurtenant easements over the Common Area. Each Unit shall be a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan. Each such Unit consists of a living area space or spaces ("Residential Element") and a garage area space or spaces bounded by and contained within the interior unfinished (meaning exclusive of wall coverings, floor coverings, fixtures or decorations) surfaces of the perimeter walls, floors, ceilings, windows, and doors of each garage and Residential Element, as shown and defined in the Condominium Plan. Such undivided interests cannot be altered or changed as long as the prohibition against severability of component interests in a Condominium remains in effect as provided in Article XIV of this Declaration. Ownership of each Condominium also includes a membership in the Association and any exclusive or nonexclusive easement or easements appurtenant to such Condominium over the Common Area as described in the Declaration, the Condominium Plan and the deed to the Condominium.

2.2 Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within the Property, including ingress and egress to and from his or her Condominium, which shall be appurtenant to and shall pass with the title to every Condominium, subject to the following rights and restrictions:

(a) The right of the Association to assign, rent, license, lease, charge reasonable admission and other fees for, and to otherwise designate and control the use of any unassigned parking spaces within the Common Area and to charge reasonable admission and other fees or to limit the number of guests of Members who may use any recreational facilities.

(b) The right of the Association to adopt Association Rules as provided in Section 3.7 of this Declaration, regulating the use and enjoyment of the Property for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or Tenant, to temporarily suspend the voting rights and/or right to use the Common Facilities, other than streets, by any Owner and/or the Owner's

Tenants and guests, subject to compliance with the due process requirements of Section 15.6 of this Declaration.

(c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and in aid thereof to mortgage said property.

(e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Association. No dedication shall be permitted that impairs the ingress and egress to any Unit.

2.3 Persons Subject to Governing Documents. All present and future Owners, tenants and occupants of Units within the Property shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e., Owners, tenants, invitees, etc.). The acceptance of a deed to any Condominium, the entering into a lease, sublease or contract of sale with respect to any Unit, or the occupancy of any Unit shall constitute the consent and agreement of such Owner, tenant or occupant that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon said person and that said person will observe and comply with the Governing Documents.

2.4 Delegation of Use. Any Owner may delegate the Owner's rights to use and enjoy the Common Area to members of the Owner's family or to the Owner's tenants, lessees or contract purchasers who reside in the Owner's Unit.

During any period when a Unit has been rented or leased, the Owner-lessor, his or her family, guests and invitees shall not be entitled to use and enjoy the Common Areas of the Property (other than streets), except to the extent reasonably necessary to perform the Owner's responsibilities as a lessor of the Unit, provided that this restriction shall not apply to an Owner-lessor who is contemporaneously residing in another Unit within the Property.

Any rental or lease of a Unit shall be subject to the provisions of the Governing Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-lessor shall be responsible for compliance by the Owner's tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's occupancy and use of the Unit.

2.5 Obligations of Owners. Owners of Condominiums within the Property shall be subject to the following:

(a) Contract Purchasers. A contract seller of a Condominium must delegate his or her voting rights as a Member of the Association and seller's right to use and enjoy the Common Area to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

(b) Notification Regarding Governing Documents.

(i) As more particularly provided in California *Civil Code* Section 1368, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Condominium, the Owner thereof must give the prospective purchaser (A) a current copy of the Governing Documents, including a copy of the Association's Articles of Incorporation; (B) the Association's most current financial statement; (C) a true statement in writing from the Association as to the amount of the current Regular and Special Assessments and fees, as well as any Assessments that have been levied on the Owners's Unit and are unpaid as of the date of the statement, together with information on late charges, attorneys' fees, interest and reasonable costs of collection which, as of the date the statement is issued, are or may become a lien on the Condominium being sold; (D) any change in the Association's current Regular and Special Assessments and fees that have been approved by the Association's Board of Directors, but have not become due and payable as of the date of the disclosure; and (E) a copy or a summary of any notice previously sent to the Owner pursuant to Civil Code Section 1363(h) that sets forth any alleged violation of the Governing Documents that remains unresolved at the time of the request.

(ii) The Association shall, within 10 days of the mailing or delivery of a request for the information described in subparagraph (b)(i), above, provide the Owner with a copy of the current Governing Documents, together with the information referred to in the immediately preceding paragraph. The Association shall be entitled to impose a fee for providing the material equal to (but not more than) the reasonable cost of preparing and reproducing the requested materials.

(c) Payment of Assessments and Compliance With Rules. Each Owner shall pay when due each Regular, Special and Reimbursement Assessment levied against the Owner and his or her Condominium and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated by the Association pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Areas.

(d) Discharge of Assessments Liens. Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or her Condominium.

(e) Joint Ownership of Condominiums. In the event of joint ownership of any Condominium, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (e) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(f) Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area, abandonment of the Owner's Condominium or otherwise may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Condominium pursuant to this Declaration.

(g) Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Condominium to a new Owner, the transferor-Owner shall not be liable for any Assessments levied with respect to such Condominium which become due after the date of recording of the deed evidencing said transfer and, upon such recording, all Association membership rights possessed by the transferor by virtue of the ownership of said Condominium shall cease.

(h) Obligation To Permit Entry by Association Adjacent Owners. Each Owner shall be obligated to permit the Owners of adjacent Units or the representatives of such adjacent Owners to enter the Owner's Unit for purposes of performing installations, alterations or repairs to mechanical or electrical services, including installation of television and related cables, which are reasonably necessary for the use and enjoyment of his or her Unit, provided that requests for entry are made at least 24 hours in advance and that entry is at a time convenient to the Owner whose Unit is being entered upon. Each Owner shall also honor the right of the Association and its agents to enter Units as provided in Section 3.6(b) of this Declaration.

ARTICLE III

HOMEOWNERS ASSOCIATION

3.1 Association Membership. Every Owner of a Condominium shall be a Member of the Association. Each Owner shall hold one membership in the Association for each Condominium owned and the membership shall be appurtenant to such Condominium. Ownership of a Condominium or interest in it shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his or her ownership in all Condominiums in the Property ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Condominium merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Condominium through foreclosure or deed in lieu thereof.

3.2 One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

3.3 Voting Rights of Members. Each Member of the Association shall be entitled to one vote for each Condominium owned by said Member. When more than one person holds an interest in any Condominium, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Condominium. Voting rights may be temporarily suspended under those circumstances described in Section 15.6 hereof.

3.4 Assessments. The Association shall have the power to establish, fix and levy Assessments against the Owners of Condominiums within the Property and to enforce payment of such Assessments in accordance with Article IV of this Declaration. Any Assessments levied by the Association on its Members shall be levied in accordance with and

pursuant to the provisions of this Declaration.

3.5 Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Condominium to which it is appurtenant and then only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Condominium. In the case of an encumbrance of such Condominium, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Section 2.4 hereof do not thereby become Members, although the tenant and Members of the tenant's family shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. In the event the Owner of any Condominium should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of his or her Condominium, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

3.6 Powers and Authority of the Association.

(a) Powers Generally. The Association shall have the responsibility of owning, managing and maintaining the Common Areas and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its Property and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, 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 for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in Article IX of the Bylaws.

(b) Association's Limited Right of Entry. The Association, and/or its agents shall have the right, when necessary, to enter any Unit to perform the Association's obligations under this Declaration, including (i) exterior maintenance or repair obligations with respect to buildings containing Units; (ii) obligations to enforce the architectural and land use restrictions of Article V and Article VI hereof; (iii) any obligations with respect to construction, maintenance and repair of adjacent Common Areas; or (iv) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

The Association's rights of entry under this subparagraph (b) shall be immediate in case of an emergency originating in or threatening the Unit where entry is required, or any adjoining Units or Common Area, and the Association's work may be performed under such circumstances whether or

not the Owner or his or her lessee is present. In all nonemergency situations, the Association or its agents shall furnish the Owner or his or her lessee with at least 24 hours' written notice of its intent to enter the Unit, specifying the purpose and scheduled time of such entry and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing within the Unit.

(c) Association as Attorney-in-Fact for Owners. Without limiting the generality of the foregoing, the Association is hereby irrevocably appointed as the attorney-in-fact for the Owners of each and every Unit to (i) manage, control and deal with the interest of such Owners in the Common Area so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder; (ii) deal with Property upon their destruction or obsolescence as hereinafter provided; and (iii) deal with and handle insurance and insurance proceeds, as provided in Article X hereof, and condemnation and condemnation awards, as provided in Article XII hereof. The acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Association as the Owner's attorney-in-fact as provided above.

3.7 Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners of Condominiums within the Property. Such rules may concern, but need not be limited to (i) matters pertaining to the maintenance, repair, management and use of the Common Area by Owners, their tenants, guests and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area; (ii) architectural control and the rules of the Architectural Committee under Section 5.4 hereof; (iii) the conduct of disciplinary proceedings in accordance with Section 15.6 hereof; (iv) regulation of parking, pet ownership and other matters subject to regulation and restriction under Article VI hereof; (v) collection and disposal of refuse; (vi) minimum standards for the maintenance of landscaping or other improvements located within areas of Owner maintenance responsibility and (vii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall be deemed to prevail.

(b) Distribution of Rules. 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. A copy of the Association Rules shall also be available and open for inspection during normal business hours at the principal office of the Association.

3.8 Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XV hereof.

3.9 Limitation on Liability of Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Association's Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or under the Bylaws, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No Released Party shall be responsible to any Owner or to any member of his or her family or any of his or her tenants, guests, servants, employees, licensees, invitees or any other person for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or other item of personal property which may be stored by such Owner or other person within any Unit or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Owner or person within the Property, or by any other cause, unless the same is attributable to his or her own willful or wanton act or gross negligence. It is the intent of this subparagraph to provide volunteer directors and officers with protection from liability to the full extent permitted by California *Civil Code* Section 1365.7, or comparable superseding statute, and to the extent this provision is inconsistent with said Section, the *Civil Code* shall prevail.

ARTICLE IV

ASSESSMENTS

4.1 Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one or more Condominiums, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association (i) Regular Assessments, (ii) Special Assessments, and (iii) Reimbursement Assessments. Each such Assessment shall be established and collected as hereinafter provided.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the Person who was the Owner of the

Condominium at the time the Assessment was levied. Each Owner who acquires title to a Condominium (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Condominium so purchased which become due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Condominium and shall be a continuing lien upon the Condominium against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this article may be subject to foreclosure as provided in Section 4.9(b) hereof.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself or herself from personal liability for Assessments duly levied by the Association, nor release the Condominium or other property owned by him or her from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or any facilities thereon or by abandonment or non-use of his or her Condominium or any other portion of the Property.

4.2 Regular Assessments.

(a) Preparation of Annual Budget: Establishment of Regular Assessments. Not less than 45 nor more than 60 days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Association Members a budget satisfying the requirements of Section 12.5 of the Bylaws.

(b) Establishment of Regular Assessment by Board or Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided that the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association. For purposes of this provision, "quorum" means more than 50% of the Owners.

(c) Assessments to Address Emergency Situations. The requirement of a membership vote to approve Regular Assessment increases in excess of 20 percent of the previous year's Regular Assessment shall not apply to assessment increases necessary to address emergency situations. For purposes of this subparagraph (c), an

emergency situation is any of the following:

(i) An extraordinary expense required by an order of a court.

(ii) An extraordinary expense necessary to repair or maintain the Common Areas, or any portion of the separate interests which the Association is obligated to maintain where a threat to personal safety is discovered.

(iii) An extraordinary expense necessary to repair or maintain the Common Areas or any portion of the separate interests which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to subparagraph (a) above, provided that, prior to the imposition or collection of an assessment under this paragraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

(d) Allocation of Regular Assessment. The total estimated Common Expenses, determined in accordance with subparagraph (a), above, shall be allocated among, assessed against and charged to each Owner ***according to the ratio of the number of Units within the Property owned by the assessed Owner to the total number of Units subject to Assessments so that each Unit bears an equal share of the total Regular Assessment.***

(e) Mailing Notice of Assessment. The Board of Directors shall mail to each Owner at the street address of the Owner's Condominium, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year no less than 45 days prior to the beginning of the next fiscal year.

(f) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 4.3(a)(i) for that year, shall be assessed against each Owner and his or her Condominium on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Association.

(g) Installment Payment of Assessments. The Regular Assessment levied against each Owner and his or her Condominium shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association's Board of Directors. Installments of Regular Assessments shall be delinquent if not paid by the 15th day of the month in which the Assessment is due.

4.3 Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval

requirements set forth in subparagraph (b) below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Condominiums for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) Capital Improvements. The Board may also levy Special Assessments for additional capital improvements within the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, repair and replacement of the Common Area or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Area and existing common facilities in accordance with Article X hereof.

(b) Special Assessments Requiring Membership Approval. No Special Assessments described in (i) Section 4.3(a) hereof, which in the aggregate exceed 5 percent of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is levied shall be made without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association, provided that this membership approval requirement shall not apply to any Special Assessment levied to address "emergency situations" as defined in Section 4.2(c). For purposes of this provision, "quorum" means more than 50% of the Owners.

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Condominium in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.2(d) above. Notice of a Special Assessment so levied shall be mailed to each Owner.

4.4 Reimbursement Assessments.

(a) Circumstances Giving Rise to Reimbursement Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.3 above, the Board of Directors may impose Reimbursement Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below, provided that no Reimbursement Assessment may be imposed against an Owner pursuant to this Section 4.4 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 15.6 hereof,

and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Reimbursement Assessments include the following:

(i) Damage to Common Areas. In the event that any damage to, or destruction of, any portion of the Common Area, including any portion of the Unit which the Association is obligated to repair and maintain is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Reimbursement Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to accomplish (A) any repair, maintenance or replacement to any portion of the Property that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion, or (B) to otherwise bring the Owner and/or his or her Condominium into compliance with any provision of the Governing Documents, the amount incurred by the Association (including title company fees, accounting fees, court costs and reasonable attorneys' fees) shall be assessed and charged solely to and against such Owner as a Reimbursement Assessment.

(iii) Required Maintenance on Condominiums. As more particularly provided in Section 3.6(b) (and without limiting the generality of that subparagraph), if any Condominium is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash, junk or improper weed or vegetation control, the Association shall have the right to enter the Condominium, correct the offensive or hazardous condition and recover the cost of such action through imposition of a Reimbursement Assessment against the offending Owner.

(b) Levy of Reimbursement Assessment and Payment. Once a Reimbursement Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed in this Section 4.4, notice of such Reimbursement Assessment shall be mailed to the affected Owner and the Reimbursement Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within 30 days after the mailing of notice of the Assessment.

4.5 Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively (a) to promote the recreation, health, safety and welfare of individuals residing within the Property; (b) to promote the enjoyment and use of the Property by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to

which a separate lien may be created hereby) of the Owner of the Condominium against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns, provided that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

4.6 Exemption of Certain of the Property From Assessments. The following real property subject to this Declaration shall, unless devoted to use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

(a) Any portion of the Property dedicated and accepted by a local public authority;

(b) The Common Area; and

(c) Any Condominium owned by the Association.

4.7 Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board, and such officers or agents of the Association as the Board shall designate, shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California *Civil Code* Section 1365.5 and Section 12.2 of the Bylaws.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b) below.

4.8 Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within 15 days after the same becomes due, such payment shall be delinquent. If an Assessment is delinquent, the Association may recover all of the following: (i) reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees; (ii) a late charge in the sum of ten dollars (\$10.00) or ten percent of the delinquent Assessment, whichever is greater; (iii) interest on all sums imposed in accordance with this paragraph, including the delinquent Assessment, reasonable costs of collection, and late charges, at the maximum annual percentage rate permitted by law,

commencing thirty (30) days after the Assessment becomes due.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided in California *Civil Code* Section 1367 or comparable superseding statute, the amount of any delinquent Regular or Special, or Reimbursement Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Condominium of the Owner so assessed only when the Association causes to be recorded in the Office of the County Recorder of the County, a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth (A) the amount of the delinquent Assessment(s) and other sums duly imposed pursuant to this Article IV and California *Civil Code* Section 1366, (B) the legal description of the Owner's Condominium against which the Assessments and other sums are levied, (C) the name of the Owner of Record of such Condominium, (D) the name and address of the Association, and (E) the name and address of the trustee authorized by the Association to enforce the lien by sale. Upon payment in full of the sums specified in the Notice of Delinquent Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

(ii) Remedies Available to the Association to Collect Assessments. The Association may initiate a legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Condominium or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California *Civil Code* Section 2934a. Any sale of a Condominium by a trustee acting pursuant to this Section 4.8 shall be conducted in accordance with California *Civil Code* Sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages or deeds of trust.

(iii) Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Association by recording in the Office of the County Recorder a Notice of Default, which notice shall state all amounts which have become delinquent with respect to the Owner's Condominium and the costs (including attorneys' fees), penalties and interest that have accrued thereon, the amount of any Assessment which is due and payable although not delinquent, a legal description of the property with respect to which the delinquent Assessment is owed, and the name of the Owner of Record or reputed Owner thereof. The Notice of Default shall state the election of the Association to sell the Condominium or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under California *Civil Code* Section 2924c, or comparable superseding statute.

The Association shall have the rights conferred by California *Civil Code* Section 2934a to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said Section 2934a, the Association shall be deemed to be the sole beneficiary of the

delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association shall be entitled to employ the services of a title insurance company or other responsible company authorized to serve as a trustee in nonjudicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any nonjudicial foreclosure hereunder.

(iv) Actions for Money Judgment. In the event of a default in payment of any Assessment, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

4.9 Transfer of Condominium by Sale or Foreclosure. Except as otherwise provided herein, the sale or transfer of any Condominium shall not affect any Assessment lien duly recorded with respect to such Condominium prior to the sale or transfer. However, the sale or transfer of any Condominium pursuant to the foreclosure of any first Mortgage or other mortgage or lien recorded prior to the Association's Assessment lien (collectively "prior encumbrance") shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No sale or transfer of a Condominium as the result of foreclosure, exercise of a power of sale or otherwise shall relieve the new Owner of such Condominium, whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party from liability for any Assessments thereafter becoming due or from the lien thereof.

Where the first Mortgagee or other purchaser of a Condominium obtains title to the same as a result of foreclosure of any such first Mortgage or other prior encumbrance or exercise of a power of sale contained therein, the person acquiring title, his or her successors and assigns, shall not be solely liable for the Assessments chargeable to such Condominium which became due prior to the acquisition of title. Instead, such unpaid Assessments shall be deemed to be Common Expenses collectible from the Owners of all of the Condominiums, including such acquirer, his or her successors and assigns. Furthermore, foreclosure shall not affect the Association's right to maintain an action for the collection of delinquent Assessments against the foreclosed party personally.

4.10 Priorities. When a Notice of Delinquent Assessment has been recorded, such notice shall constitute a lien on the Condominium prior and superior to all other liens or encumbrances recorded subsequent thereto, except (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust) made in good faith and for value, provided that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or deed of trust, or other prior encumbrance.

4.11 Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the

Condominiums, such taxes shall be included in the Regular Assessments imposed pursuant to Section 4.2 and, if necessary, a Special Assessment may be levied against the Condominiums in an amount equal to such taxes to be paid in two installments, thirty days prior to the due date of each tax installment.

4.12 Assignment of Rents. Each Owner hereby assigns to the Association, absolutely and regardless of possession of the Unit, all rents and other monies now due or that become due under any lease or rental agreement for the use or occupation of any Unit owned by the Owner, either now existing or made in the future, for the purpose of collecting all delinquent assessments, including all late charges, costs, attorneys' fees and interest. The Association hereby authorizes each Owner to collect and retain the rents and other monies derived from any such lease or agreement. Provided, however, the Association may revoke such authority at any time, on written notice to the Owner of a default in the payment of any assessment due under this Declaration. On revocation of such authority, the Association may, and if necessary by court order, or court-appointed receiver, collect and retain the rents and other monies, whether past due and unpaid or current.

4.13 Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article IV, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed against the Owner's Condominium.

ARTICLE V

ARCHITECTURAL COMMITTEE

5.1 Improvements in General; Establishment of Architectural Review Committee. No "Improvement" (as defined in Section 1.18) of any kind shall be commenced, erected or maintained within the Property, nor shall any exterior addition to or change or alteration be made in or to any Unit or building containing Units until the plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations), materials, and location of the same shall have been submitted to and approved in writing by the Association's Architectural Review Committee ("Architectural Committee") as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography and finished grade elevation.

5.2 Appointment of Architectural Committee. The Board of Directors may appoint an Architectural Committee composed of not less than three members. Committee members appointed shall be from the membership of the Association. The Board of Directors may elect not to appoint an Architectural Committee. In such case, the Board shall act in the place of an Architectural Committee and in accordance with the standards and procedures contained in this Article V.

5.3 Submission of Plans; Action by Committee. Plans and specifications for the proposed Improvement shall be submitted to the Architectural Committee by personal delivery or certified mail to the office of the Association or the chair of

the Architectural Committee. Decisions of the Committee and the reason for the decision shall be sent to the applicant within forty-five (45) days after receipt by the Committee of all required materials. Any application submitted pursuant to this Article V shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been sent to the applicant within forty-five (45) days after receipt by the Committee of all required materials. The applicant shall meet any review or permit requirement of the City before making any alterations or Improvements approved by the Committee.

5.4 Standards for Approval. The Committee may approve an Owner's plans and specifications only if the Committee finds that the plans and specifications (i) conform to this Declaration and to the Architectural Rules in effect at the time the plans are submitted; (ii) will result in the construction of an improvement that is in harmony with the external design of other structures and/or landscaping within the Property; and (iii) will not interfere with the reasonable enjoyment of any other Owner of his or her Unit. The Committee may condition approval of an Owner's plans and specifications for any Improvement (1) on the applicant's furnishing the Association with security acceptable to the Association against any mechanics' lien or other encumbrance that may be recorded against the Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) on the applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) on the applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) on the applicant's agreement to reimburse the Association for the cost of maintenance, or (6) on the applicant's agreement to complete the proposed work within state period of time, or (7) the applicant's agreement to execute a covenant running with the land to be recorded against the Owner's Unit, or all of the above, and may require submission additional plans and specifications or other information prior to approving or disapproving material submitted.

5.5 Architectural Rules. The Architectural Committee may, subject to review by the Board of Directors, from time to time adopt, amend and repeal rules and regulations to be known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions of this Declaration by setting forth the standards and procedures for the review and approval of proposed Improvements and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Property, provided that said rules shall not be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the Declaration shall prevail.

5.6 Inspection of Work by Architectural Committee. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

(a) During the course of construction, representatives of the Architectural Committee shall have the right to inspect the work to confirm that the Improvement project is proceeding in accordance with the approved plans and specifications.

(b) Upon the completion of any work of

Improvement for which Architectural Committee approval is required under this Article V, the Owner shall give the Architectural Committee a written notice of completion.

(c) Within 60 days thereafter, the Architectural Committee, or its duly authorized representative, may inspect the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the Architectural Committee finds that the Improvement was not erected, constructed or installed in substantial compliance with the Owner's approved plans, then within the 60-day inspection period the Committee shall give the Owner a written notice of noncompliance detailing those aspects of the Improvement project that must be modified, completed or corrected. If the violation or nonconforming work is not corrected, the Association and its Architectural Committee shall have the enforcement rights and remedies set forth in Section 5.8 below.

(d) If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within 30 days after receipt of the Owner's notice of completion, the Improvement shall be deemed to have been constructed in accordance with the approved plans for the project, unless it can be demonstrated that the Owner knew of the noncompliance and intentionally misled the Committee with respect thereto.

5.7 Enforcement.

(a) In addition to other enforcement remedies set forth in this Declaration, the Board of Directors shall have enforcement rights with respect to any matters required to be submitted to and approved by the Architectural Committee, and may enforce such architectural control by any proceeding at law or in equity. The Committee shall have the authority to order an abatement of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the Committee or if it does not conform to the plans and specifications submitted to the Committee. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions of this Article V, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding.

(b) If the Owner fails to remedy any noticed noncompliance within 30 days from the date of such notification, the Architectural Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance.

(c) At the hearing, the Owner, a representative(s) of the Architectural Committee and, in the Board's discretion, any other interested person, may present information relevant to the question of the alleged noncompliance. After considering all such information, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance is determined to exist, the Board shall require the Owner to remedy or remove the same within such period or within any extension of such period as the Board, at its discretion, may grant. If the Owner fails to take corrective action after having a reasonable opportunity to do so, the Board, at its option, may remove the noncomplying Improvement or remedy the noncompliance and the Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand. If such expenses are not properly repaid by the Owner to the Association, the Board shall recover such expenses through the levy of a Reimbursement Assessment against such Owner.

(d) The approval by the Architectural Committee of any plans, drawings or specifications for any work of Improvement done or proposed, or for any other matter requiring the approval of the Architectural Committee under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval by the same or some other Owner. Different locations for Improvements, the size of the structure, proximity to other Units or Common Area and other factors may be taken into consideration by the Committee

in reviewing a particular submittal.

5.8 Variances. The Architectural Committee shall be entitled to allow reasonable variances with respect to this Article V or any Architectural Rules in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships.

5.9 Limitation on Liability. Neither the Association, its Architectural Committee nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; or (b) the construction or performance of any work of Improvement, whether or not pursuant to approved plans, drawings or specifications.

5.10 Variances. The Architectural Committee shall be entitled to allow reasonable variances with respect to this Article V or any Architectural Rules in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships.

ARTICLE VI

USE OF PROPERTIES AND RESTRICTIONS

In addition to the restrictions established by law or Association Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed upon the use of Condominium Units, Common Areas and other parcels within the Property.

6.1 Residential Use. The use of the Units within the Property is hereby restricted to Residential Use, as defined in Section 1.27 hereof. In no event shall a Condominium be occupied by more individuals than permitted by applicable zoning laws or governmental regulations. An Owner is permitted to lease or rent his or her Unit, subject to the provisions of Section 2.4 ("Delegation or Use") of this Declaration.

6.2 Conveyance of Condominiums. Each Condominium shall be conveyed as a separately designated and legally described leasehold estate subject to this Declaration.

6.3 Interior Improvements. No Owner shall at his or her expense or otherwise make any alterations or modifications to the exterior of the buildings, fences or railings containing the Owner's Unit without the prior written consent of the Association or the Architectural Committee, if any. Furthermore, no structural alterations to the interior of or Common Area surrounding any Unit shall be made by any Owner without the prior written consent of the Association or the Architectural Committee, if any. Under no circumstances shall any Owner undertake any activity or work with respect to the Owner's Unit that will impair the structural soundness or integrity of another Unit or impair any easement or hereditament, or do any act or allow any condition to exist in or around the Owner's Unit which will adversely affect any other Units or their occupants.

Each Owner shall be liable to the remaining Owners for any damage to the Common Area that may be sustained by reason of the negligence of that Owner, that Owner's family members, contract purchasers, tenants, guests, or invitees, but only to the extent that any such damage is not covered by casualty insurance in favor of the Association.

Each owner, by acceptance of his or her deed, agrees personally and for family members, contract purchasers, tenants, guests, and invitees, to indemnify each and every other Owner, and to hold such Owner(s) harmless from, and to defend him against, any claim of any person for personal injury or property damage occurring within the Unit of that particular Owner, except to the extent (i) that such injury or damage is covered by liability insurance in favor of the Association or other

Owner or (ii) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or other Owner or other person temporarily visiting his or her Unit.

6.4 Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried out or conducted upon any Unit or Common Area nor shall anything be done within the Property which is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including but not limited to barking dogs, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Unit or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Unit or the Common Area.

6.5 Household Pets. No insects, reptiles, poultry or animals or any kind shall be raised, bred or kept in any Unit or Common Area, except usual and ordinary dogs, cats, fish, birds and other household pets (excluding, without limitation, equine, bovine, sheep, swine, goats and other such animals) may be kept in Units, provided that they are not kept, bred or maintained for commercial purposes or in unreasonable quantities, nor in violation of the Rules adopted by the Association as provided in Section 3.7 of this Declaration. As used in this Declaration, "unreasonable quantities" shall ordinarily mean more than two (2) pets per household; provided, however, that the Board of Directors may determine that a reasonable number in any instance may be more or less. The Board of Directors shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Property must be either kept within an enclosure, an enclosed yard or on a leash being held by a person capable of controlling the animals. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Property by an Owner or by members of his family, his tenants or his guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Area or any portion of another's Unit.

6.6 Signs. No advertising signs or billboards shall be displayed on any building containing Units, or posted within or upon any portion of the Common Area except that Owners may post in the windows of their Units any signs required by legal proceedings and a single "For Rent," "For Lease" or "For Sale" sign of reasonable dimensions and in conformance with any Rules adopted by the Board or the Architectural Committee.

6.7 Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Unit, provided that the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained in this Section 6.7 shall be construed in such a manner so as to prohibit any Owner from (a) maintaining his or her personal library in his or her Unit, (b) keeping his or her personal business records or accounts therein, (c) handling his or her personal or professional telephone calls or correspondence therefrom, (d) leasing or renting his or her Unit in accordance with Section 2.4 hereof, or (e) conducting any other activities within the Owner's Unit otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization. The uses described in (a) through (e), above, are expressly declared to be customarily incidental to the principal residential use of the Unit and not in violation of this Section 6.7.

6.8 Rubbish Removal. No rubbish, trash, or garbage shall be allowed to accumulate outside of any Unit, and shall be disposed of only by depositing it in trash containers designated for such use by the Board of Directors. Any trash that is accumulated by an Owner outside the interior walls of a Unit shall be stored entirely within appropriate covered disposal containers and facilities located within designated garbage areas within the Common Areas. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements)

shall be removed from the Property to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this Section.

6.9 Storage. Storage of personal property within any Unit, including balconies and patios, shall be entirely within enclosed storage areas. The Association shall have the right to establish and maintain on the premises appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Association in connection with its planting, building, repair, maintenance and preservation of the structures, gardens and other Improvements within the Common Areas which the Association is obligated to repair and maintain. No clothing, towels, recreational equipment, household fabrics or other unsightly articles shall be hung, dried or aired on any portion of the Property, including the interior any unit so as to be visible from other Units or the Common Area. Owners shall not leave personal property or recreational equipment (i.e., bicycles, radios, lounge chairs) unattended in or around the Common Areas.

6.10 Clotheslines. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes, swim wear, beach towels or other such articles on the balcony or patio of any Unit, or anywhere within the Common Area.

6.11 Antennas and Similar Devices. Subject to any applicable federal, state or local statute, rule or ordinance, no Owner, resident or lessee shall, at his or her expense or otherwise, place or maintain any objects, such as masts, towers, poles, wiring, television and radio antennas or television satellite dishes on or about the exterior of any building within the Property without the prior written approval of the Board or Architectural Committee. The Board may adopt reasonable guidelines for the installation of direct broadcast satellite dishes, wireless cable and television aerial antennas. For purposes of such guidelines, the term "reasonable" means that the guidelines will not impose unreasonable expense or delay or preclude reception of an acceptable quality signal.

6.12 Diseases and Pests. No Owner shall permit any thing or condition to exist in his or her Unit, which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

6.13 View Obstructions. No vegetation or other obstruction shall be planted or maintained on any Unit, balcony or patio in such location or of such height as to unreasonably obstruct the view from any other Unit, balcony or patio. If there is a dispute between Owners concerning the obstruction of a view, the dispute shall be submitted to the Architectural Committee, whose decision in such matters shall be final and binding. Any such obstruction shall, on the request of the Committee, be removed or otherwise altered to the satisfaction of the Committee, if such Committee determines that the maintenance of such item or vegetation in its then existing state is contrary to the purposes or provisions of this Declaration. The Architectural Committee shall ensure that the vegetation on the Common Area maintained by the Association is cut as required, so that the view of any Owner is not unreasonably obstructed.

6.14 Parking and Vehicle Restrictions. The following parking and vehicle restrictions shall apply within the Property:

(a) Except as otherwise provided in subparagraph (e) below, only the following vehicles ("authorized vehicles") shall be permitted to be parked by any Owner or resident within the Property: standard passenger vehicles, including sport utility vehicles, motorcycles and noncommercial trucks which do not exceed one ton. Boats, trailers, campers, recreational vehicles, go-carts, commercial vehicles and trucks in excess of one ton in gross weight are not "authorized vehicles" and shall only be permitted within the Property as provided in subparagraph (e) below.

(b) There shall be no parking in driveways if to do so obstructs traffic flow, constitutes a nuisance, violates the Rules or otherwise creates a safety hazard.

(c) The Board shall be authorized to designate "parking," "guest parking," and "no parking" areas within the Common Areas. Any guest parking areas are to remain open for use by guests only and are not to be used by Owners or other residents, either permanently or temporarily, for the parking of their authorized vehicles or the storage of boats, trailers or similar items of personal property.

(d) No motor vehicle shall be constructed, reconstructed or repaired within the Property and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Property; provided, however that the provisions of this Section shall not apply to emergency vehicle repairs.

(e) Campers, boats, trailers, commercial vehicles and trucks in excess of one ton are not to be parked within the Property except for periods not to exceed four (4) hours for the purpose of loading and unloading.

(f) The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored, whether in a carport or elsewhere within the Common Area in violation of this Section. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

(g) The Board shall have the authority to promulgate further reasonable rules and restrictions of uniform application regarding parking and vehicles within the Property as may be deemed prudent and appropriate.

6.15 Maintenance and Use of Garages. Garages shall be used exclusively for parking authorized vehicles only, and shall not be converted for storage, living, recreational or business purposes.

6.16 Use of Private Streets in Common Area. Private streets and alleys within the Property shall not be used for recreational purposes, including "joyriding" or racing. Motorcycles, mopeds and cars shall be allowed on such private streets only for ingress and egress.

6.17 Activities Affecting Insurance. Nothing shall be done or kept within any Unit or within the Common Area which will increase the rate of insurance relating thereto on any policy maintained by the Association (see Article X below) without the prior written consent of the Association and no Owner shall permit anything to be done or kept within his or her Unit or within the Common Area which would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Unit or any part of the Common Area.

6.18 Variances. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article VI, if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration.

6.19 Drainage. There shall be no interference with the established drainage pattern over the Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee.

6.20 Water Supply System. No individual water supply or water softener system shall be permitted in any Unit unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any applicable water district, the City and all other applicable governmental authorities.

6.21 Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained in this Declaration. Accordingly, if the Association becomes aware of an architectural or property use violation that does not necessitate immediate corrective action under Section 15.6 of this Declaration, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable

opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice and advise the Owner or tenant of his or her appeal rights.

ARTICLE VII

MAINTENANCE RESPONSIBILITIES

7.1 Association Maintenance Responsibilities. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area, except that the Association shall have no responsibility for the maintenance, repair or replacement of the private streets located within the Property, the maintenance, repair and replacement of which is the responsibility of others pursuant to the Street Agreement. No person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area without express approval of the Association. Without limiting the foregoing, the Association shall be responsible for:

(a) Except as provided in Section 7.2 hereof, the repair, reconstruction, replacement, or refinishing of the Improvements located within or constructed on Common Area as necessary in accordance with the original design, finish or standard of construction of such Improvement, including all roofs, gutters, downspouts, exterior walls and structural components of the Condominium buildings; and those areas of the pipes, ducts, wires, cables and other utility equipment and installations, wherever located, that serve more than one Unit.

(b) The periodic structural repair, resurfacing, sealing, caulking, replacement or painting of the Restricted Common Areas of the Units, that is, the patios and decks appurtenant to the respective Units, including side walls and rails, so long as such repair, replacement or painting is not required due to the willful or negligent acts of the Owner, his family members, guests, tenants or invitees.

(c) The repair and maintenance of the Common Area occasioned by the presence of wood-destroying pests and organisms.

(d) The construction, reconstruction, replacement, refinishing of the walks, private driveways, and other means of ingress and egress within the Property, except for streets that are the responsibility of others pursuant to the Street Agreement.

(e) The replacement of trees or other vegetation and the planting of trees, shrubs and ground cover upon any portion of Common Area.

(f) The placement and maintenance of such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and for the health, welfare and safety of Owners, tenants and guests.

7.2 Owner Maintenance Responsibilities.

(a) Each Owner of a Condominium shall be responsible for maintaining his or her Unit, including the equipment and fixtures in the Unit, the pipes, ducts, wires, cables, condensation lines and other utility equipment and installations, wherever located, that exclusively serve that owned Unit, the interior walls, ceilings, windows and doors of the owned Unit, and the exterior doors, screens and/or window frames, and related hardware of the Unit, in a clean, sanitary, workable, and attractive condition. Each Owner shall also be responsible for the landscaping and maintenance of the landscaping located within the Owner's Restricted Common Areas. Each Owner has complete discretion as to the choice of furniture, furnishings, and interior decorating, except that windows can be

covered only by drapes, shutters, or shades and cannot be painted or covered by foil, cardboard, or other similar materials. Each Owner also shall be responsible for repair, replacement and cleaning of the windows and glass of his or her Unit, both exterior and interior.

(b) Each Owner shall be responsible for maintaining, repairing and replacing the heating and central air conditioning unit and compressor serving the owned Unit, and the pad supporting the air conditioning compressor, wherever located.

(c) No bearing walls, ceilings, floors or other structural or utility bearing portions of the buildings containing Units shall be pierced or otherwise altered or repaired without the prior written approval of the plans for the alteration or repair by the Architectural Committee.

7.3 Recovery of Costs of Certain Repairs and Maintenance.

(a) In the event that the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, and is not covered or paid for by Association insurance policies or any liability insurance maintained by the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Reimbursement Assessment against the offending Owner in accordance with Section 4.4 hereof.

(b) In the event that an Owner fails to perform maintenance functions for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Section 3.6(b) to enter the Owner's Unit and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with Section 15.6 hereof.

7.4 Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

ARTICLE VIII

PARTY WALLS

8.1 General Rules of Law to Apply. Condominiums within the Project and placed on the dividing line between the Condominiums shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

ARTICLE IX

EASEMENTS

9.1 Encroachment Easements. If any portion of the Common Area encroaches on any Unit or if any portion of a Unit encroaches on the Common Area, regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and all Units and the Common Area are made subject to such easements. If any structure containing a Unit is partially or totally destroyed and then rebuilt and any encroachment on the Common Area

results, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and all Units and the Common Area are made subject to such easements.

9.2 Street Easements. Each Owner and the Association shall have and are hereby granted a nonexclusive easement for street, roadway and vehicular traffic purposes over and along the private streets and alleys within the Property, subject to the rights and restrictions set forth in this Declaration. Declarant also reserved nonexclusive easements over the Common Area for pedestrian and vehicular access, ingress and egress to and from the surrounding property more particularly described in Exhibit B of the Street Agreement ("Benefited Property") and for the installation, maintenance, repair and replacement of utilities traversing or servicing the Benefited Property. Such easements shall be appurtenant to the Benefited Property and may be utilized by the successive owners, assigns and employees of the Declarant, and the residents, guests and members of the hotel, tennis club and resort facilities located on the Benefited Property.

9.3 Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under all of the Property for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewer, gas, telephones, drainage and electricity and the master television antenna or cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on the Common Area. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on said Property except as initially designed and approved by the Declarant or thereafter approved by the Association's Board of Directors. The easements provided for in this Section 9.3 shall in no way effect any other recorded easement on the Property.

9.4 Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any management company or contractor selected by the Association to enter in or to cross over the Common Area, including the Restricted Common Areas, and the Condominiums, as necessary for the Association to perform its duties of maintenance, repair and replacement and all other duties; provided that any entry by the Association or its agents into any Unit shall only be undertaken in strict compliance with Section 3.6(b).

9.5 Other Easements. Each Unit and its Owner, and the Association as to the Common Area, are hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Property and each Unit and Common Area.

ARTICLE X

INSURANCE

10.1 Types of Insurance Coverage. The Association shall purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost:

(a) Fire and Casualty Insurance. The Association shall obtain and maintain a master or blanket policy of fire and casualty insurance, for the full insurable value of all the buildings containing Units within the Property and on the Common Areas. The insurance shall be kept in full force and effect at all times and the full replacement value of the insured property shall be redetermined on an annual basis.

Depending on the nature of the insured property, the policies maintained by the Association pursuant to this Section shall contain an agreed amount endorsement or its equivalent, an increased cost of construction endorsement or a contingent liability from operation of building laws endorsement or the equivalent, an

extended coverage endorsement, vandalism, malicious mischief coverage, a special form endorsement and a clause to permit cash settlements for full insurable value in case of partial destruction. The extent of coverage of the policies required hereunder, and the amount of any deductibles in the event of a loss, shall be determined by the Board, in its discretion. The policies shall name as insured the Association, all Owners and all Mortgagees as their respective interests may appear. The policies may contain a loss payable endorsement in favor of the trustee described in Section 10.5 below.

(b) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, the Association shall obtain and maintain a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Association Board of Directors, any manager, the Owners and occupants of Units, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and any other Association-owned or maintained real or personal property and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than \$2 million covering all claims for death, personal injury and property damage arising out of a single occurrence and shall in no event be less than the minimum amount set forth in *Civil Code* Section 1365.9, as that statute, or any comparable superseding statute, is amended from time to time. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in constructions, location and use.

(c) Directors and Officers Liability Insurance. The Board shall purchase and maintain a policy of directors and officers liability insurance naming as parties insured the Association, each member of the Board of Directors, each officer of the Association, any manager and any other person as the Board may determine.

(d) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this Section, demolition insurance, flood insurance, earthquake and workers' compensation insurance. The Board shall also purchase and maintain such insurance on personal property owned by the Association and any other insurance that it deems necessary or desirable.

10.2 Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 10.1 is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage described above. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

10.3 Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

10.4 Individual Fire and Casualty Insurance Limited. Except as provided in this Section, no Owner can separately insure his or her Unit or any part of it against loss by fire or other casualty covered by the Association's blanket insurance carried under Section 10.1(a). If any Owner violates this provision, any diminution in insurance proceeds otherwise payable pursuant to the provisions of Section 10.1(a) that results from the existence of such other insurance will be chargeable to the Owner who acquired such other insurance, and the Owner will be liable to the Association to the extent of any diminution. It shall be the responsibility of each Owner to insure his or her personal property and interior fixtures and improvements not covered by the policy obtained by the Association pursuant to Section 10.1 of this Declaration, including without limitation cabinets, mirrors, wall coverings, floor coverings, and paint, against loss, whether such improvements are original or were made by the Owner. All such insurance that is individually carried must contain a waiver of subrogation rights by the carrier as to other Owners, the Association, and

any institutional first Mortgagee of such Condominium.

10.5 Trustee. All insurance proceeds payable under this Article X may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank or other institution with trust powers within the County that agrees in writing to accept such trust. If repair or reconstruction is authorized pursuant to Article XI below, the Association and any duly appointed trustee shall have the duty to contract for such work as provided in Section 11.5.

10.6 Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to this Article X. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

10.7 Owner's Liability Insurance. An Owner may carry whatever personal liability and property damage liability insurance with respect to his or her Condominium that he or she desires. However, any such policy shall include a waiver of subrogation clause acceptable to the Board.

ARTICLE XI

DAMAGE OR DESTRUCTION

11.1 Restoration of the Property. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Property, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article X hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Property shall be reconstructed or rebuilt substantially in accordance with the Condominium Plan and the original construction plans if they are available, unless changes recommended by the Architectural Committee have been approved in writing by seventy-five percent (75%) of the Owners. If the amount available from the proceeds of such insurance policies for such restoration and repair is at least eighty-five percent (85%) of the estimated cost of restoration and repair, a Special Assessment shall be levied by the Board of Directors to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than eighty-five percent (85%) of the estimated cost of restoration and repair, the Owners by the vote or written consent of not less than seventy-five percent (75%) of the Owners, together with the approval of the Beneficiaries of at least seventy-five percent (75%) of the first Mortgagees on Condominiums in the Project, shall determine whether the Board shall levy a Special Assessment and proceed with such restoration and repair. If the Owners and their Mortgagees, as provided above, determine that the cost of such restoration and repair would be substantial and that it would not be in their best interests to proceed with the same, the Owners may, at their discretion, proceed as provided in Section 11.2 below.

11.2 Sale of Property and Right to Partition. If the amount available from the proceeds of the insurance policies maintained by the Association is less than eighty-five percent (85%) of the cost of reconstruction, a certificate of the resolution authorizing such reconstruction may be recorded within six (6) months from the date of such destruction and, if such certificate is not recorded within such period, it shall be conclusively presumed that the Owners have determined not to rebuild such improvements. No Owner shall have the right to partition of his interest in the Condominium and there shall be no judicial partition of the Project, or any part thereof, except that if a certificate of a resolution to rebuild or restore the Project has

not been recorded as provided above, within six (6) months from the date of any partial or total destruction, or if restoration has not actually commenced within said period, and the vote or written consent to such a partition is obtained from the Owners of two-thirds (2/3rds) of the Condominiums in the Project, then conditions for partition as set forth in subdivision (4) of Section 1359(b) of the California Civil Code shall be deemed to have been satisfied. In such event, the Association, acting through a majority of the Board, shall prepare and execute and record, as promptly as practical, the certificate stating that a majority of the Board may properly exercise an irrevocable power of attorney to sell the Project for the benefit of the Owners with the exception of the Administrator of Veterans Affairs, an officer of the United States of America, and such other documents and instruments as may be necessary for the Association to consummate the sale of the Property at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. Such certificate shall be conclusive evidence of such authority for any person relying thereon in good faith. The net proceeds of such sale and the proceeds of any insurance carried by the Association shall be divided proportionately among the Owners, in proportion to the ratio that the fair market value of each Owner's condominium bears to the fair market value of all Owners' condominiums determined by appraisal. The Board is hereby authorized to hire one (1) or more appraisers for such purpose and the cost of such appraisals shall be a Common Expense of the Association. Notwithstanding the foregoing, the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Condominium is so encumbered. Nothing herein shall be deemed to prevent partition of a co-tenancy in any Condominium. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Units and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Project and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

11.3 Interior Damage. With the exception of any casualty or damage insured against by the Association pursuant to Article X, Section 10.1 of this Declaration, restoration and repair of any damage to the interior of any individual Unit, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Unit so damaged. In the event of a determination to rebuild the Property after partial or total destruction, as provided in this Article XI, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee as provided herein.

11.4 Notice to Owners and Listed Mortgagees. The Board, immediately upon having knowledge of any damage or destruction affecting a material portion of the Property, shall promptly notify all Owners and Beneficiaries, insurers and guarantors of first Mortgages on Condominiums in the Project, who have filed a written request for such notice with the Board. The Board, immediately upon having knowledge of any damage or destruction affecting a Unit, shall promptly notify any Beneficiary, insurer or guarantor of any Mortgage encumbering such Unit who has filed a written request for such notice with the Board.

ARTICLE XII

CONDEMNATION

12.1 Sale by Unanimous Consent or Taking. If an action for condemnation of all or a portion of the Property is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Owners and all institutional Mortgagees, the Property, or a portion thereof may be sold and conveyed to the condemning authority by the Board or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Unit in the Property hereby grants and which shall be coupled with the interest of all other Owners, for a price deemed fair and equitable by the Board. If the requisite number of Owners or institutional Mortgagees do not consent to a sale of all or a portion of the Property,

and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.

12.2 Distribution and Sale Proceeds of Condemnation Award.

(a) Total Sale or Taking. A total sale or taking of the Property means a sale or taking that (i) renders more than 50 percent of the Condominiums uninhabitable (such determination to be made by the Board in the case of a sale and by the court in the case of a taking) or (ii) renders the Property as a whole uneconomical as determined by the vote or written consent of 66-2/3 percent of those Owners and their respective institutional Mortgagees whose Condominiums will remain habitable after the taking. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Property, after payment of all expenses relating to the sale or taking, shall be paid to all Owners and to their respective Mortgagees in the proportion that the fair market value of each Condominium bears to the fair market value of all Condominiums on the Property. The fair market value of the Condominiums shall be determined in the condemnation action, if such be instituted, or by an appraiser.

(b) Partial Sale or Taking. In the event of a partial sale or taking of the Property, meaning a sale or taking that is not a total taking, as determined in Section 12.2(a) above, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgments of condemnation shall include the following provisions as part of its terms:

(i) To the payment of expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the Court to be paid from the amount awarded; then

(ii) To Owners and to their respective Mortgagees, as their interests may appear, of Condominiums on the Property whose Condominiums have been sold or taken, an amount up to the fair market value of such Condominiums as determined by the court in the condemnation proceeding or by an appraiser, less such Owners' share of expenses paid pursuant to Section 12.2(b)(i) (which share shall be in proportion to the ratio that the fair market value of each Owner's Condominium bears to the fair market value of all Condominiums). After such payment, the recipient shall no longer be deemed an Owner and the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners, shall amend the Condominium Plan and this Declaration to eliminate from the Property the Condominiums so sold or taken.

(iii) To any remaining Owner(s) and to his or her Mortgagees, as their interests may appear, whose Condominium has been diminished in value as a result of the sale or taking disproportionate to any decrease in value of all Condominiums, as determined by the Court in the condemnation proceeding or by an appraiser, an amount up to the total decrease in value; then

(iv) To all remaining Owners and to their respective Mortgagees, as their interests may appear, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Condominium bears to the fair market value of all remaining Owners' Condominiums as of a date immediately prior to commencement of condemnation proceedings, as determined by the Court in the condemnation proceeding or by an appraiser.

ARTICLE XIII

PARTITION OF COMMON AREA

13.1 Suspension or Right of Partition. Except as expressly provided in this Article XIII, an Owner shall have no right to partition or divide his or her ownership of the Common Area. Partition of the Common Area can be had on a showing that the

conditions to such partition as stated in Article XI (relating to damage or destruction) or in Article XII (relating to condemnation) or in California *Civil Code* Section 1359 have been met. Nothing in this Declaration shall prevent partition of a cotenancy in a Condominium.

13.2 Distribution of Proceeds Upon Partition. Proceeds of property resulting from a partition shall be distributed to and among the respective Owners and their Mortgagees as their interests appear in proportion to the ratio that the fair market value of each Owner's Condominium bears to the fair market value of all Owners' Condominiums determined by appraisal as provided in Section 11.2, but as of a date immediately prior to the event giving rise to the right of Owners to partition the Common Area.

13.3 Power of Attorney. Each of the Owners irrevocably appoints the Association as attorney-in-fact and irrevocably grants to the Association full power in the name and stead of such Owner to sell the entire Project, and to execute deeds and conveyances to it, in one or more transactions, for the benefit of all Owners when partition of the Project may be had under *Civil Code* Section 1359 and under the circumstances authorizing partition under this Declaration. The power of attorney shall (a) be binding on all Owners, whether they assume the obligations under this Declaration or not; (b) be exercisable by a majority of the Board acting on behalf of the Association, subject to obtaining the prior approval by vote or written consent of 75 percent of the Owners and 75 percent of all institutional first Mortgagees; and (c) be exercisable only after recordation with the County Recorder of a certificate executed by those who have power to exercise the power of attorney that the power of attorney is properly exercisable under *Civil Code* Section 1359. This certificate shall be conclusive evidence of proper exercise in favor of any person relying on it in good faith.

ARTICLE XIV

NONSEVERABILITY OF COMPONENT INTERESTS

14.1 Severance Prohibited. An Owner shall not be entitled to sever his or her Unit in any Condominium from his or her membership in the Association, and shall not be entitled to sever his or her Unit or his or her membership from the Owner's undivided interest in the Common Area for any purpose. None of the component interests in a Condominium can be severally sold, conveyed, encumbered, hypothecated, or otherwise dealt with; and any violation or attempted violation of this provision shall be void. Similarly, no Owner can sever any exclusive easement appurtenant to his or her Unit over the Common Area from the Owner's condominium, and any attempt to do so shall be void. The suspension of such right of severability will not extend beyond the period set forth in Article XIII respecting the suspension of partition.

14.2 Limitation on Interests Conveyed. Any conveyance of a Unit or any portion of it by an Owner shall be presumed to convey the entire Condominium. However, nothing contained in this Section 14.2 shall preclude the Owner of any Condominium estate from creating an estate for life or an estate for years or from creating a cotenancy or joint tenancy in the ownership of the Condominium with any other person or persons.

ARTICLE XV

BREACH AND DEFAULT

15.1 Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are

inadequate and that the failure of any Owner, tenant, occupant or user of any Condominium, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

15.2 Nuisance. Without limiting the generality of the foregoing Section 15.1, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

15.3 Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to any party in any such action such attorneys' fees and other costs as the court deems just and reasonable.

15.4 Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

15.5 Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes 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 upon the Association or the Board, or any of its officers or agents.

15.6 Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreational Common Facilities or suspension of the Owner's voting rights as a Member of the Association; provided that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 15.6.

The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as may exist by virtue of the California *Civil Code* Section 1354 or otherwise by law.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate.

(c) Definition of "Violation." A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring

within the Common Area at the cost of the responsible Owner.

(d) Hearings. No penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least 15 days prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board with respect to the alleged violation(s) at a hearing conducted at least 5 days before the effective date of the proposed disciplinary action.

(e) Notices. Any notice required by this article shall, at a minimum, set forth the date, time and place of the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents, a reference to the specific Governing Document provision alleged to have been violated and a statement that the Owner has a right to attend and to address the Board at the hearing. The notice shall be in writing and may be given by personal delivery or by first-class or certified mail sent to the last address of the Member shown on the records of the Association. If the Board imposes a disciplinary measure on the Owner, the Board shall provide notice of the disciplinary measure by either personal delivery or first class mail to the Owner within ten (10) days following the action.

(f) Rules Regarding Disciplinary Proceedings. The Board shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

ARTICLE XVI

NOTICES

16.1 Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of his or her Condominium or to such other address as he or she may from time to time designate in writing to the Association.

If to the Association: La Quinta Tennis Villas Homeowners Association, at the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners).

16.2 Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Condominium, to any general partner of a partnership which is the Owner of Record of the Condominium, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Condominium, shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

16.3 Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four days after deposit in the United States mail in Riverside County, California.

ARTICLE XVII

NO PUBLIC RIGHTS IN THE PROPERTIES

17.1 Nothing contained in this Declaration shall be deemed to be a gift or a dedication of all or any portion of the Property to the general public or for any public use or purpose whatsoever.

ARTICLE XVIII

AMENDMENT OF DECLARATION

18.1 Amendment in General. This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of not less than sixty percent (60%) of the voting power of the Association. Notwithstanding the foregoing, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

18.2 Effective Date of Amendment. The amendment will be effective upon the recording in the Office of the Recorder of Riverside County a Certificate of Amendment, duly executed and certified by the president and secretary of the Association setting forth in full the amendment so approved and that the approval requirements of Section 18.1, above, have been duly met. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or Mortgage recorded prior to the recording of such amendment.

18.3 Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XIX

GENERAL PROVISIONS

19.1 Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Condominiums and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 60 years from the date of the recording of this Declaration, after which time the same shall be automatically extended for successive periods of 10 years each unless, within 6 months prior to the expiration of the initial 60-year term or any such 10-year extension period, a recordable written instrument, approved by Owners holding at least seventy-five percent (75%) of the voting power of the Association terminating the effectiveness of this Declaration shall be filed for recording in the Office of the County Recorder of Riverside County, California.

19.2 Construction of Declaration.

(a) Restrictions Construed Together. All of the covenants, conditions, and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions, and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

OFFICERS' CERTIFICATE

The undersigned, President and Secretary of the La Quinta Tennis Villas Homeowners Association, hereby certify that the above Amended and Restated Declaration of Covenants, Conditions and Reservation of Easements for La Quinta Tennis Villas was approved in accordance with the provisions of the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for La Quinta Hotel Tennis Villas, evidence of which is on file in the office of the Association.

Dated: _____, 2003 LA QUINTA TENNIS VILLAS
HOMEOWNERS ASSOCIATION

BY: _____
(President)

(Secretary)

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____ before me, _____, personally appeared _

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

(Signature of Notary) (Seal)

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____ before me, _____, personally appeared _

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

(Signature of Notary) (Seal)

EXHIBIT A

ASSOCIATION PROPERTY EASEMENTS

PHASE 1

A nonexclusive easement of access, ingress and egress for private street and landscaping purposes over the following described real property located in the City of La Quinta, Riverside County, California:

Parcel No. 1:

That certain private street known as Calle Mazatlan as shown on the subdivision Maps for Tract Nos. 14496-1 and 14496-3, filed, respectively, on April 22, 1981, in Book 119, Pages 9 to 15, inclusive, and on December 21, 1982, in Book 128, Pages 60 to 63, inclusive of Maps, Records of Riverside County, California.

Parcel No. 2:

Lots A and B of Tract No. 18765-1, as shown on a subdivision map filed in Book 136, at Pages 32 to 33, inclusive, of Maps, in the Office of the Riverside County Recorder.

Parcel No. 3:

Beginning at the Northwest corner of Lot A of Tract 18765-1 shown as the centerline of Avenida Fernando.

Thence N89° 52' 12"W, 424.00 feet along the north line of said Tract to the original point of beginning;

Thence N89° 52' 12"W, 44.00 feet along said North Line;

Thence N00° 07' 38"E 93.00 feet along said West Line;

Thence 89° 52' 12"W, 44.00 feet along said South Line;

Thence N00° 07' 36"E, 93.00 feet along said East Line to the point of beginning.

Parcel No. 4:

All of Lots "A," "I," "G," and "F" of Tract 14496-6 as shown by Map on file in Book 140 of Maps at

page 64 and 65 thereof, Records of Riverside County, California.

Parcel No. 5:

That portion of the South one-half of Section 36, Township 5 South, Range 6 East, S.B.M., described as follows:

Beginning at the Northwest corner of Lot "A" of said Tract 18765-1;

Thence 5.00°07'38"W. along the Easterly line of said Lot "A," also being the Westerly line of Avenida Obregon as shown on said Tract 18765-1, a distance of 18.50 feet to the Southeast corner of said Lot "A";

Thence N.89°52'12"W. along the Southerly line of said Lot "A," a distance of 21.00 feet to a point of cusp;

Thence Southwesterly on a non-tangent curve concave Southwesterly, having a radius of 24.50 feet, through an angle of 89°59'50", an arc length of 38.48 feet to a line parallel with and 16.50 feet Westerly, measured at right angles from the centerline of said Avenida Obregon (the initial radial line bears N.00°07'48"E.);

Thence S. 89°52'22"E., a distance of 33.00 feet to a line parallel with and 16.50 feet Easterly, measured at right angles from the centerline of said Avenida Obregon.

Thence Northeasterly on a non-tangent curve concave Southeasterly, having a radius of 24.50 feet, through an angle of 89°59'50", an arc length of 38.48 feet to a line parallel with and 18.50 feet Southerly, measured at right angles from the Northerly line of Parcel "A" of Certificate of Compliance recorded March 6, 1979 as Instrument No. 45177, Official Records of Riverside County, California, as shown on Record of Survey on file in Book 66 of Record of Surveys at pages 24 through 27 thereof, Records of Riverside County, California (the initial radial line bears N. 89°52'22"W.);

Thence S. 89° 52' 32" E. along said parallel line, a distance of 209.00 feet to the North-South center section line of said Section 36;

Thence N. 00°07'02"E. along said line, a distance of 18.50 feet to the Northerly line of said Parcel "A";

Thence N. 89°52'32" W. along said line, a distance of 250.00 feet to the centerline of said Avenida Obregon;

Thence N. 89°52'12" W. continuing along said Northerly line, a distance of 20.00 feet to the point of beginning.

PHASE 2

A nonexclusive easement of access, ingress and egress for private street and landscaping purposes over that certain real property located in the City of La Quinta, Riverside County, California, described as follows:

Lot A of Tract No. 18765-2, as shown on a Subdivision Map Filed in Book 148, at Pages 21 to 22, inclusive, of Maps, in the Office of the Riverside County Recorder.

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