

OAKLAWN HOMES, INC.  
P. O. Box 5000  
Laguna Hills, Calif. 92653

Attn: D. Blankman

RECORDED AT REQUEST OF  
FIRST AMERICAN TITLE INS. CO.  
IN OFFICIAL RECORDS OF  
ORANGE COUNTY, CALIF.  
198 M MAY 7 1971  
L. WYLLIE CARLYLE, County Recorder

92 pages  
"Villa Capri"  
Date 5

\$ 23.60

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

WHEREAS, Declarant, Oaklawn Homes, Inc. is the owner of certain real property in the County of Orange, State of California, described in Exhibit A attached hereto (which real property is hereinafter referred to as "The Project") and is desirous of improving this real property as a condominium complex, and

NOT A  
Stock-coop's  
Supportant  
Recd

WHEREAS, other condominium complexes have been or may be developed on adjacent parcels of real property which together with other existing stock cooperatives comprise the Rossmoor Leisure World adult community in Laguna Hills, California (hereinafter called the development), and

Supportant  
Recd

WHEREAS, it is declared that these covenants, conditions and restrictions are intended to benefit the owners and their successors of condominium units, the Project and other projects as they may be subjected to these covenants, conditions and restrictions:

NOW, THEREFORE, pursuant to Chapter I of Title 6 of Part IV of Division 2 of the Civil Code and Section 1468 of the California Civil Code, Declarant hereby declares that the Real Property described in Exhibit A upon recordation of covenants, conditions and restrictions, together with the Condominium Plan sheets I through II inclusive which are attached and are a part hereof is and shall be held, conveyed, encumbered, leased and used subject to the following uniform restrictions, covenants, conditions and equitable servitudes. Any conveyance or conveyances made by Declarant of a Condominium (as hereinafter defined) in the Project or by a successor to Declarant as developer of the Project will incorporate by reference these restrictions. The restrictions set forth herein shall run with the real property included within the Project, shall be binding upon all persons having or acquiring any interest in such Project or any part thereof, shall inure to the benefit of every portion of such Project and any interest therein shall inure to the benefit of and be binding upon each successor in interest of Declarant, and of each Owner, and may be enforced by Declarant, by any Owner, or his successors in interest, or by the Mutual. Declarant may hereafter subject additional parcels of adjacent land to these restrictions by the recordation of a supplement to these restrictions.

ARTICLE I  
Definitions

Unless the context otherwise requires:

1. "Approval" of the Foundation, Mutual or the Architectural Control Committee means prior written approval.
2. "Architectural Control Committee" means the Committee appointed pursuant to Article VIII.

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3. "Board" means the Board of Directors of the Mutual.
4. "Building" means any structure in the Common Area which contains one or more Units.
5. "By-Laws" means the by-laws of Laguna Hills Mutual No. Thirty-Four.
6. "Common Area" means all of that portion of the Project not within a Unit shown on the Plan of the Project, together with all improvements thereto.
7. "Community Facilities" means all real and personal property not located within any project and which is now or hereafter owned by the Foundation for the use and benefit of the owners.
8. "Completion" means the earliest of the following:
  - (a) the date the 120th Condominium has been conveyed,
  - or (b) December 31, 1972.
9. "Condominium" means the property in the Project conveyed by a deed to the grantee thereof. "Proposed Condominium" means the property in any Project which is intended to be conveyed by a Deed as a Condominium as shown on the Plan of the Project but which has not been so conveyed by Declarants.
10. "Declarant" means Oaklawn Homes, Inc. or a successor in interest to the entire project as opposed to an Owner as Owner is hereinafter defined.
11. "Foundation" means the Golden Rain Foundation of Laguna Hills.
12. "Limited Common Area" means any portion of the Common Area designated as such on a Plan as provided in Article VI. Except as used in Article II, Section 2, and Article VI, the term "Common Area" shall include the Limited Common Area.
13. "Manager" or "Managing Agent" means the person, firm or corporation employed by the Mutual pursuant to Article III, Section 2, clause (e), and delegated duties, powers or functions of the Mutual pursuant to Article III, Section 3.
14. "Mortgage" means a mortgage or deed of trust of a Condominium. "Mortgagor" includes mortgagors, trustors under deeds of trust, and Owners of Condominiums subject to Mortgages. "Mortgagee" includes mortgagees, trustees and beneficiaries of deeds of trust, and the holders of indebtedness secured by Mortgages.
15. "Mutual" means Laguna Hills Mutual No. Thirty-Four or any successor or assign, whether by way of consolidation, merger, transfer or otherwise.
16. "Notice and Hearing" means ten (10) days' written notice to each Owner, and informal public hearing before the Board at which all Owners shall have an opportunity to be heard and to be represented by counsel.
17. "Owner" means any person or persons, partnership or corporation which owns a Condominium, and Declarant with respect to each Proposed Condominium owned by it. A "Record Owner" means the person or persons, partnership or corporation in whom title to a Condominium is vested, as shown by the official records of the Office of the County Recorder of Orange County, California. The Board and the Owners may treat the Record Owner as Owner of a Condominium for all purposes. "Owner" and "Record Owner" do not include Mortgagees.

18. "Plan" means a plan of the type described in Section 1351 of the Civil Code which applies to the Project, which has been recorded in Orange County, and which is made up of a diagram of the Project, a Declaration of Covenants, Conditions and Restrictions, upon the terms and conditions of these Restrictions, and which plan makes the described real property subject to its provisions.

19. "Project" means the 120 condominium living units together with their accompanying common area in this increment of the development to which these covenants, conditions and restrictions apply and Project also is used to refer to additional increments of the development as they may be made subject to these restrictions.

20. "Restrictions" means this Declaration of Covenants, Conditions and Restrictions as amended from time to time.

21. "Rules" of the Board means rules adopted by the Mutual Board.

22. Unit means a "unit" as defined in Section 1350(2) of the Civil Code, i.e., that portion of any Condominium or Proposed Condominium which is not owned in common with other Owners, and which is designated as a Unit in the Plan. The boundaries of a Unit are as designated in Section 1353 of the Civil Code, provided that all doors and windows of a Unit and all fixtures and utility installations located within a Unit including without limitation hot water heaters, space heaters and kitchen, bathroom and lighting fixtures, shall be a part of each Unit, provided further that soffits and furred down ceilings shall not be a part of such Unit. However, if at the time any Condominium in the Project is conveyed, one or more buildings in which Units shown on the Plan are to be located have not yet been built, each such Unit shall be deemed to have the boundaries shown on the Plan. Whenever, within twenty (20) years after conveyance of the first Condominium in the Project, a building is built substantially in conformity with the original plans, therefor as reflected by the Unit boundaries shown on the Plan for such Project, the boundaries of all Units within such building shall thereafter be as described in the second sentence of this paragraph and the boundaries of the Common Areas shall be altered correspondingly.

23. "Vote" means the vote of the Members entitled to exercise of voting power at a duly held regular or special meeting of the members of the Mutual, unless otherwise provided.

## ARTICLE II

### Use Restrictions

The Units and Common Areas shall be occupied and used only as follows:

1. Each Unit shall be used as a private dwelling, and for no other purpose except such temporary uses as shall be permitted by Declarant while the Project is being developed and Condominiums are being sold by Declarant. No more than two (2) persons may permanently occupy a one (1) bedroom Unit, no more than three (3) persons may permanently occupy a two (2) bedroom Unit and no more than four (4) persons may permanently occupy a three (3) bedroom Unit without the approval of the Mutual. No person under the age of 52 may reside in a Unit.

2. Subject to the provisions of those restrictions, use of the Common Areas shall be in accordance with and subject to limitation as determined by the Mutual. Use of the Limited Common Areas shall be subject to the limitations set forth in Article VI hereof.

3. Nothing shall be done or kept in any Unit or in any Common Area which will increase the rate of insurance on any Common Area without the approval of the Mutual. No owner shall permit anything to be done or kept in his Unit or in any Common Area which will result in the cancellation of insurance on any Common Area or which would be in violation of any law.

4. No sign of any kind shall be displayed to the public view on or from any Unit or any Common Area, without the approval of the Mutual, except such signs as may be used by Declarant in connection with the development of the Project and sale of Condominiums, and except such signs as may be displayed in accordance with Section 712 of the California Civil Code.

5. No animals of any kind shall be raised, bred, or kept in any Unit, or in any Common Area, except that dogs, cats or other household pets may be kept in Units subject to approval of the Mutual, provided that no animal shall be kept, bred or maintained for any commercial purpose.

6. The Owner shall not permit or suffer anything to be done or kept upon said premises which will increase the rate of insurance on the building, or on the contents thereof, or which will obstruct or interfere with the rights of other occupants, or annoy them by unreasonable noises or otherwise, nor will he commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. The Owner shall comply with all of the requirements of the Board of Health and of all other governmental authorities with respect to the said premises. If by reason of the occupancy or use of said premises by the Owner the rate of insurance on the building shall be increased, the Owner shall become personally liable for the additional insurance premiums.

7. Nothing shall be done in any Unit or in, on, or to any building in any Common Area or which would structurally change any such building except as is otherwise provided herein.

8. There shall be no structural alteration, construction or removal of any building, fence or other structure in the Project (other than repairs or rebuilding pursuant to Article X hereof) without the approval of the Architectural Control Committee as set forth in Article VIII hereof. No building, fence or other structure shall be constructed upon any portion of any Common Area other than such building and structures as shall be constructed (a) by the Declarant (or a person to whom Declarant assigns its rights as developer), or (b) by the Mutual pursuant to Article X or Article III, Section 7.

9. No professional, commercial or industrial operations of any kind shall be conducted in or upon any Unit or the Common Areas except such temporary uses as shall be permitted by Declarant while the Development is being constructed and Condominiums are being sold by the Declarant.

10. Except as permitted by the Mutual, no vehicles other than golf carts, passenger automobiles and stationwagons shall be parked or stored in any Common Area. No vehicle shall be repaired or rebuilt in any Common Area.

11. All Owners shall be members of the Mutual and Foundation and shall comply with the terms and conditions as set forth in the Articles of Incorporation and By-Laws and any rule or regulation of the Mutual or Foundation. No Owner shall transfer any membership or interest in the Mutual, except upon the transfer of the Unit to which it is appurtenant.

12. The right to use or occupy a Unit or the sale, lease or other transfer or conveyance of the right to use or occupy a condominium shall be subject to such uniform or objective standards relating to financial responsibility, age and character as are set forth in these Restrictions or as are now or may hereafter be set forth in the By-Laws of the Mutual. No restrictions on use shall be based on race, religion or place of national origin.

13. Nothing in this article or elsewhere in these Restrictions shall limit the right of Declarant to complete construction of improvements to the Common Areas and to Units owned by Declarant or to alter the foregoing or to construct such additional improvements as Declarant deems advisable prior to completion and sale of the entire Project. The rights of Declarant hereunder and elsewhere in these Restrictions may be assigned by Declarant to any successor to all or any part of Declarant's interest in the Development, as developer, by an express assignment incorporated in a recorded deed transferring such interest to such successor.

### ARTICLE III

#### Management

1. The Mutual is hereby designated as the management body of the Project. The members of the Mutual shall be the Owners in the Project as provided in the By-Laws. The initial Board of Directors of the Mutual shall be appointed by the incorporators or their successors. Thereafter, the directors shall be elected as provided in the By-Laws; provided, however, that the incorporators or their successors shall retain the right to appoint a majority of the members of the Board until one hundred twenty (120) days after the close of escrow on 60% of the condominium units in each project, or until December 31, 1972, whichever date shall first occur.

The Mutual shall have the right and power to do all things for the management and operation of the Project. Subject to the provisions of the Articles of Incorporation and By-Laws of the Mutual and these Restrictions, the powers of the Mutual shall include but not necessarily be limited to the specific acts hereinafter enumerated or as set forth in the California Civil Code Sec. 1355(b), subsections 1 through 8.

2. The Mutual, through its Board and at its option, and for the benefit of the condominiums, and the Owners in the Project, may acquire and may pay for out of the carrying charge fund hereinafter provided for, the following:

(a) Water, sewer, garbage, electrical and gas and other necessary utility service for the Common Areas and (if not separately metered or charged) for the Units.

(b) (1) A policy or policies of fire insurance, with extended coverage endorsement, for the full insurable replacement value of the Common Areas, and the Units, payable as provided in Article X, or such other fire and casualty insurance as the Mutual shall determine gives substantially equal or greater protection, insuring the Owners, and their Mortgagees, as their interest may appear, and as to each of such policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Mutual, the Board, the Manager, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of the insurance proceeds received in compensation for such loss only.

✓ (2) A policy or policies insuring the Mutual, the Board, the Declarant, the Managing Agent and the Owners and agents and employees of each of the foregoing against any liability incident to the ownership and/or use of the Common Areas and Units, and if obtainable, a cross liability endorsement insuring each insured against liability to each other insured.

(3) Such policies may be blanket policies covering more than one Project, the property of Declarant or any of the foregoing, if the Mutual and Declarant pay their proper share of the premium. The Mutual shall be deemed trustee of the interests of all Owners in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to receipt for their interests in such proceeds and to deal therewith.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable laws;

(d) Such other policies of insurance as the Mutual may deem appropriate.

(e) The services of a person or firm to manage the Common Areas (the "Managing Agent") to the extent deemed advisable by the Mutual as well as such other personnel as the Mutual shall determine shall be necessary or proper for the operation of the Common Areas whether such personnel are employed directly by the Mutual or are furnished by the Manager;

(f) A fidelity bond naming the members of the Mutual, the Mutual, and the Manager, and such other persons as may be designated by the Board as principals, and the Mutual as obligee.

(g) The Mutual shall paint, maintain and repair the Common Areas (but not including the doors, windows, carpets, fixtures, interior surfaces of the Unit, or items of property located within the interior surfaces of the Units or constituting a part of the Units, which the Owner of each Unit shall paint, maintain and repair) and such furnishings, equipment and planting for the Common Areas as the Mutual shall determine are necessary and proper. The Mutual may elect to maintain and repair stoves, ranges, refrigerators, dishwashers and plumbing fixtures located within a Unit. The Mutual shall have no responsibility to provide the services referred to in this paragraph with respect to any building in the Project until the first Unit in such Building is sold by Declarant.

(h) If the Mutual has incurred any liability or paid any costs or expenses for a single Unit or Owner, the cost thereof shall be especially assessed to the Owner of such Unit; provided, however, that nothing herein shall permit the Mutual to assess the Owners for any new improvements or additions to the Common Areas except pursuant to Article III, Section 7 or Article VII or Article X.

(i) The amounts necessary to pay the Foundation its charges for its services and facilities furnished to the Owners.

3. The Mutual may delegate any of its duties, powers or functions to any person, corporation or firm to act as Manager. Neither the Mutual nor the members of its Board shall be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

4. The Mutual or any person authorized by the Mutual may enter any Unit in the event of any emergency involving illness or potential danger to life or property or when necessary in connection with any maintenance or construction for which it is responsible. Such entry shall be made with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Mutual.

5. The Mutual shall provide for an annual independent audit of the accounts of the Mutual and for delivery of a copy of such audit to each Owner within thirty (30) days after completion thereof.

6. The Mutual is authorized and empowered to grant such licenses, easements and rights of way for sewer lines, water lines, underground conduits, storm drains and other public utility purposes as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Areas or for the preservation of the health, safety, convenience and welfare of the Owners, over those portions of the Common Areas upon which no building or other structure has been erected. Such licenses, easements and rights of way may be granted at any time prior to twenty-one (21) years after the death of the individuals who have signed these Restrictions and their issue who are in being as of the date hereof, and the right to grant such licenses, easements and rights of way is hereby expressly reserved.

7. Other than as provided in Article X relating to restoration of damaged improvements, the Mutual may, with approval of the Architectural Control Committee, construct new improvements or additions to the Common Area of the Project or demolish existing improvements, provided that in the case of any improvement, addition or demolition involving a total expenditure in excess of \$5,000, the written consent or vote of two thirds (2/3rds) of the Owners (other than Declarant) in the Project as to the maximum total cost therefor shall first be obtained, and provided that no Unit shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Mutual shall levy a special assessment on all Owners in the Project for the cost of such work.

ARTICLE IV

Membership in Foundation

Each Owner of a Unit (other than Declarant) shall be a member of the Foundation and shall comply with the By-Laws of the Foundation and the rules and regulations of the Foundation as they now exist or are from time to time adopted. No Owner shall transfer any membership or interest in the Foundation except upon the transfer of the Unit to which it is appurtenant.

#### ARTICLE V

##### Covenant Against Partition

By acceptance of his deed, each Owner shall be deemed to covenant for himself and for his heirs, representatives, successors and assigns, that he will not institute legal proceedings to effect judicial partition of his interest in the Project property, unless the Project (a) has been in existence in excess of fifty (50) years, and (b) it is obsolete and uneconomical, and (c) the Owners of fifty per cent (50%) of the Unit join in such an action for partition.

#### ARTICLE VI

##### Limited Common Areas

The areas designated on the Plan for any Project as a balcony, patio, carport or recreation room, if any, within a residential building are Limited Common Areas. Subject to the rules of the Mutual, the balconies and patios adjacent to Units are reserved for the exclusive use of the Owners of such Units and they may not be added to, modified, or altered without the approval of the Mutual and except for normal housekeeping, shall be repaired and maintained by the Mutual. Limited Common Areas designated on the Plan for the Project as carports are reserved and shall be used for parking of non-commercial vehicles, as permitted by the Mutual. The Mutual shall assign one carport for the exclusive use of each Owner, subject to the right of the Mutual to enter for purposes of maintenance and repair. Each recreation room, if any, shall be reserved for the exclusive use of the residents of the residential building in which it is located, and the guests and invitees of such residents. Such recreational rooms, if any, shall be kept and maintained by the Mutual.

#### ARTICLE VII

##### Carrying Charges - Assessments - Liens

1. The Owner (including the Declarant and its successors, prior to the initial conveyance of any units in the Project) shall pay to the Mutual a monthly sum referred to herein as "Carrying Charges" equal to one-twelfth (1/12th) of the Owner's proportionate share (an equal division among all units shall satisfy this requirement) of the sum as estimated by the Mutual to meet its annual expenses, including but not limited to the following items:

- (a) The cost of all operating expenses of the Project and services furnished, including charges by the Mutual for facilities and services furnished.
- (b) The cost of necessary management and administration.
- (c) The amount of all taxes and assessments levied against the property of the Mutual or which it is required to pay.
- (d) The cost of fire and extended coverage insurance on

the Project and such other insurance as the Mutual may effect or as may be required by any mortgage on the Project.

(e) The cost of furnishing water, gas, electricity, garbage and trash collection and other utilities to the extent furnished by the Mutual.

(f) All reserves set up by the Mutual.

(g) The estimated cost of repairs, maintenance and replacements of the Project property to be made by the Mutual.

(h) Such sums as the Mutual may pay to the Foundation as the Mutual's prorata (based upon number of Units) share of the charges of the Foundation in accordance with Article III, Section 2(1) hereof.

The Mutual shall determine the Carrying Charges from time to time. Said sums shall be estimated on an annual basis and divided by the number of months remaining in the then current fiscal year; but in no event shall the Owner be charged with more than his proportionate share thereof as determined by the Mutual. That amount of the Carrying Charges required for payment of any capital expenditures shall be credited upon the books of the Mutual to the "Paid In Surplus" account as a capital contribution.

2. If the above Carrying Charge or any other assessment, whether regular or special, assessed to the Owner of any Condominium, is not paid within ten (10) days after it is due, the Owner may be required by the Mutual to pay a late payment charge of five per cent (5%) of the amount of the assessment.

3. The amount of any Carrying Charge or any other assessment, whether regular or special, or arising by application of Article II, Section 12, Article III, Section 7, this Article VII or application of Article X assessed to the Owner of any Condominium, and any late payment charge attributable thereto, plus interest on such assessment and charge at a rate of ten per cent (10%) per annum simple interest or such lower rate as the Mutual may designate from time to time, and costs, including reasonable attorneys' fees and costs of recordation, may become a lien upon such Condominium under Section 1356 of the Civil Code upon recordation of a notice of assessment setting forth the matters required by said section, which shall be notice of such lien. Civil Code and as otherwise provided by law. A certificate executed and acknowledged by the Mutual, stating the indebtedness secured by the liens upon any Condominium created hereunder, shall be conclusive upon the Mutual and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Fifteen Dollars (\$15.00).

#### ARTICLE VIII

#### ARCHITECTURAL CONTROL COMMITTEE

##### 1. Architectural Control:

(A) Except for the purposes of proper maintenance and repair, and except as provided in Paragraph (C) hereof, no person, persons, entity or entities shall install, erect, attach, apply, paste, hinge, screw, nail, build or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, or make any changes or otherwise alter whatsoever the

exterior or any residential dwelling unit, residential carport, or residential garage constructed on or to be constructed on the above described property. For the purpose of this provision the term "exterior" shall mean any outside walls, outward surfaces, roofs, outside doors, or other outside structures of said residential dwelling units, residential carports and residential garages, including, but not limited to, the roof, outside wall, outward surface, outside doors, and outside structures of all atrium type residential dwelling units.

(B) Except for the purposes of proper maintenance and repair, and except as provided in Paragraph (C) hereof, no person, persons, entity, or entities shall install, construct or build any walkways, slabs, sidewalks, curbs, gutters, patios, porches, driveways, fences, lighting, decorations, aerials, antennas, radio or television broadcasting or receiving devices, or other structures of any kind, on the property developed for residential use, except for such walkways, fences, lighting, decorations, aerials, antennas, radio or television broadcasting or receiving devices, or other structures which are to be constructed concurrently with the construction of the residential dwellings, residential carports or residential garages on the above described property.

(C) Except for proper maintenance and repair, no person, persons, entity or entities shall perform any of the acts specifically set forth in Paragraphs (A) and (B) above until:

(1) The complete plans and specifications, showing the kind, nature, shape, height, material, type of constructions, scheme and all information specified by the hereinafter named committee for the proposed alteration, modification, addition, deletion or any other proposed form of change to the exterior of any residential dwelling unit, residential carport or residential garage, as set forth in Paragraph (A), or changes to the property developed for residential use, as set forth in Paragraph (B), and

(2) The block plan showing the location of such proposed alteration, modification, addition, deletion, or any other proposed form of change, has been approved in writing, as to conformity and harmony of external design with existing structures of the property developed for residential use, by a committee composed of D. W. Blankman, Lloyd G. Fuglie and L. H. Davis, P. O. Box 5000, Laguna Hills, California 92653, or by a representative designated by a majority of the members of said committee, providing, however, that from and after five (5) years from the date of recording the initial conveyance to a resident owner of a Condominium Unit in the Mutual, the members of this committee shall be appointed by the Board of Directors of the Golden Rain Foundation of Laguna Hills. In the event any member is unable or unwilling to serve on said committee, the remaining member or members shall have full authority to approve or disapprove such proposed alteration, modification, addition, deletion, or other proposed form of change and location, and/or appoint a suitable replacement or replacements with like authority, and/or designate a representative with like authority. The membership of said committee or any representative appointed thereby, if other than as stated in this declaration, shall be evidenced by a certificate of identity shall refer to the book and page number designated by the County Recorder of Orange County, California for this declaration, shall be executed by at least one member of said committee and be recorded in the office of said County Recorder; which certificate shall then be conclusive evidence thereof in

favor of any person relying thereon in good faith. In the event the committee or the representative appointed by the committee fails to approve or disapprove such proposed alteration, modification, addition, deletion or other proposed form of change and location within thirty (30) days after said complete plans and specifications have been submitted to it, such approval will not be required and this covenant will be deemed to have been fully complied with. Such complete plans and specifications shall be personally delivered to any member of the committee or mailed to the committee via certified mail, return receipt requested, postage prepaid. The plans and specifications shall be deemed submitted to the committee upon the date of receipt by the committee of such plans and specifications. The committee shall have the right of changing its mailing address by recording an instrument of change of mailing address with the County Recorder of Orange County, California, such instrument to refer to the book and page number designated by said County Recorder for this declaration. Neither the members of such committee nor its designated representative shall be entitled to any compensation for the services performed pursuant to this covenant. The powers and duties of such committee, and of its designated representative, shall cease on and after January 1, 2008. Thereafter, the approval described in this covenant shall not be required unless prior to said date and effective thereon, a written instrument shall be executed by the then record owners of a majority of the property owners of the hereinabove described property developed for residential use and duly recorded appointing a representative, or representatives, who shall thereafter exercise the same powers previously exercised by said committee.

ARTICLE IX

MORTGAGE PROTECTION

Notwithstanding all other provisions hereof:

1. The liens created under Article VII hereof upon any Condominium shall be subject and subordinate to, and shall not affect the rights of the Mortgagee under any recorded first Mortgage upon such Condominium made in good faith and for value, provided that after the foreclosure of any such Mortgage the amount of all regular assessments, and all special assessments to the extent they relate to expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at such foreclosure sale, as an Owner after the date of such foreclosure sale, shall become a lien upon such Condominium upon recordation of a notice as provided in Article VII, Section 3 hereof.

2. No amendment to these Restrictions shall affect the rights of any Mortgagee who does not join in the execution thereof, provided that prior to recordation of such amendment his Mortgage is recorded and written notice of its delivery and recordation, signed by the Mortgagee and Mortgagor, is given to the Mutual.

3. By subordination agreement executed by the Mutual, the benefits of Sections 1 and 2 above may be extended to Mortgages not otherwise entitled thereto.

4. No breach of any of the foregoing covenants and restrictions shall cause any forfeiture of title or reversion or bestow

any right of re-entry whatsoever, but, violation of any one or more of these covenants or restrictions may be enjoined or abated by Declarant, its successors and assigns, and by the Mutual, by action of any court of competent jurisdiction, and damages may also be awarded against such violations; provided, however, that any such violation shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value as to said property or any part thereof, but said covenants and restrictions shall be binding upon and effective against any Owner of said property, or portion thereof, whose title thereto is acquired by foreclosure, trustee's sale or otherwise.

ARTICLE X

DAMAGE OR DESTRUCTION

1. In the event of damage or destruction to the common and limited common area, and the insurance proceeds are sufficient to effect total restoration, then the Mutual shall cause such common and limited common area to be repaired and reconstructed substantially as it previously existed.

2. If the insurance proceeds are within Five Thousand Dollars (\$5,000.00) or less of being sufficient to effect total restoration to the common and limited common area, then the Mutual shall cause such common area and limited common areas to be repaired and reconstructed substantially as they previously existed and the difference between the insurance proceeds and the actual cost shall be levied as an assessment equally against each of the condominium units.

3. If the insurance proceeds are insufficient by more than Five Thousand Dollars (\$5,000.00) to effect total restoration to the common areas and limited common areas, then by written consent or vote of a majority of the owners, they shall determine whether (a) to rebuild and restore in substantially the same manner as the improvements existed prior to damage and to raise the necessary funds over the insurance proceeds by levying equal assessments against all Units, (b) to rebuild and restore in a way which utilizes all available insurance proceeds and an additional amount not in excess of Five Thousand Dollars (\$5,000.00) and which is assessable equally to all Units but which is less expensive than replacing these improvements in substantially the same manner as they existed prior to being damaged, or (c) to not rebuild and to distribute the available insurance proceeds (i) to the Owners and mortgagees of the damaged Units as their interests may appear in such a way as to give consideration to the relative degree for damage sustained by each and the relative original value of each of those which had suffered the same degree of damage (i.e., two buildings are damaged by fire, one 50% destroyed and the other 100% destroyed; the 50% damaged building had an original value of \$150,000 and the 100% destroyed had an original value of \$175,000, the total proceeds are \$125,000, the amount of proceeds applicable to the 100% destroyed building would be \$87,500), and (ii) if the proceeds are sufficient to cover the total value of the residential area, the remainder in equal shares divided among all the Units.

4. Restoration and repair of the damage to the condominium unit as defined in subsection 22 of Article I hereof shall be made by and at the expense of the Owner of such unit and in the event that restoration is made to a building containing such a

Unit as hereinabove provided, the restoration and repair of said condominium unit shall be completed by the Owner thereof as promptly as practical and in a lawful and workmanlike manner.

5. If reconstruction or restoration has not actually commenced within one (1) year from the date of any damage to which subsection 3 of this Article is applicable, then the covenant against partition provided in Article V shall terminate and be of no further force and effect.

ARTICLE XI

AMENDMENT

*3/4 the of owners  
note in all projects.  
Read*

1. Subject to the provisions of Section 2 of Article IX, the provisions of these Restrictions may be amended by an instrument in writing signed and acknowledged by the president and secretary of the Mutual, certifying that such amendment has been approved by the vote or written consent of at least three-fourths (3/4ths) of the Record Owners in the Project (or in all Projects to which the Restrictions are applicable) and such an amendment shall be effective upon its recordation with the Orange County Recorder. *(Everyone in L.W.)*

*Amended  
from original  
1964-Deed's*

2. Until the close of any escrow on the sale of any condominium unit in the area described in Exhibit A, Declarant shall have the right to terminate, modify and amend these restrictions insofar as these restrictions apply to the area described in Exhibit A by the recordation of a supplement hereto setting forth such termination, modification or amendment; providing, however, that when any condominium unit located within the area described in Exhibit A has been sold, the Declarant's right to terminate, modify or amend these restrictions shall thereupon cease, terminate and expire. These restrictions terminate and supersede, insofar as the real property set forth in Exhibit A is concerned, those certain deed restrictions recorded at page 449, of book 6944 of the Miscellaneous Records of the Recorder of Orange County.

ARTICLE XII

ENCROACHMENTS

None of the rights and obligations of the Owners created herein, or by the Deed, shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful conduct of said Owner or Owners.

*Original  
C. F. P.*

ARTICLE XIII

NOTICES

Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by registered or certified mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Mutual for the purpose of service

of such notice, or to the Unit of such person if no address has been given to the Mutual. If such notice is so sent by regular mail, it shall be deemed to have been delivered when received. Such address may be changed from time to time by notice in writing to the Mutual.

#### ARTICLE XIV

##### RIGHT OF FIRST REFUSAL

Prior to the transfer of title to any Unit and as a condition precedent to each and every transfer of title to every Unit, the Owner (or in the event of death or incapacity the Owner's legal representative), his successors and assigns, shall notify the Mutual in writing by mail, postage prepaid, or actual delivery that the Unit is for sale, the name, age and financial qualifications of the proposed buyer and the terms and conditions of a bonafide written offer to purchase. Thereafter the Mutual shall have fifteen (15) days from the date of actual receipt to notify the Owner whether or not the proposed transferee meets the prescribed standards. In determining whether a prospective purchaser meets the required standards, the Board may verify that the prospective purchaser(s) (a) is of the age of 52 or older (b) the proposed resident must have a monthly income equal to total monthly housing expense (principal, interest, insurance, taxes and carrying charges to the Mutual), plus \$150 if the condominium is occupied by one person, \$200 if occupied by two persons and \$250 if occupied by three persons; provided, however, that to the extent these persons have net worth in addition to income, the consumption of such net worth in lieu of such income over the remaining life expectancy of the prospective purchaser in lieu of or as supplemental to such income, and (c) has never been convicted of a felony nor been convicted, within the past five (5) years, of a misdemeanor involving moral turpitude. A prospective purchaser(s) meeting these standards shall be deemed to be qualified for the purpose of this Article. If the proposed transferee has qualified, the Owner may complete the sale and transfer of the Condominium Unit. If, on the other hand, the proposed purchaser has not fulfilled the required standards, the Mutual shall also so indicate in the prescribed 15-day notice, and the Mutual may further notify the Owner that the Mutual has exercised its Right of First Refusal as to the Unit and to present the Owner with signed Escrow Instructions calling for the sale of this Unit to the Mutual in accordance with the terms and conditions specified in the Owner's original notice to the Mutual. Failure of the Mutual to deliver to the Owner at the address of the Unit, or such other address as the Owner may have designated, the above mentioned written notice and appropriate Escrow Instructions, within the time specified, shall be deemed to be a rejection by the Mutual of its proposed sale. If the Mutual rejects or fails to exercise its Right of First Refusal, the Owner may then sell the Unit to the proposed purchaser upon the originally proposed terms and conditions, providing that such transfer to the prospective purchaser must be completed within ninety (90) days after rejection or failure by the Mutual to exercise this Right of First Refusal. Any agreements for the purchase and sale of any Unit shall be subject to this Right of First Refusal regardless of whether or not the Mutual has failed or refused to exercise its right to purchase as to a particular Unit in relation to the possible sale of the Unit to the same or to a different potential purchaser. Nothing to the contrary hereinwithstanding, this Right of First Refusal shall not apply to any purchaser at a Trustee Sale which sale is held under the Trustee's Sale provision of any Deed of Trust applicable to any condominium unit.

ARTICLE XV

REMEDIES

The exercise of any of the rights or remedies as herein provided with respect to any default shall not preclude or affect the subsequent exercise of such rights or remedies at different times and for different defaults.

The respective rights or remedies, whether provided by this agreement or by law, or available in equity, 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 right or remedies for the same or different defaults, or for the same or different failures of the Owners to perform or observe any provision of this Agreement.

ARTICLE XVI

ATTORNEY FEES

If an Owner defaults in making a payment of Carrying Charges or in the performance or observance of any provision of this Agreement, and the Mutual has obtained the services of an attorney with respect to the defaults involved, the Owner covenants and agrees to pay to the Mutual any costs or fees involved, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted. In case a suit is instituted, the Owner shall also pay the cost of the suit, in addition to other aforesaid costs and fees.

ARTICLE XVII

INTERPRETATION

The provisions of these Restrictions shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of Condominium Projects. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof. In case any one of the provisions contained in these Restrictions shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any of the remaining provisions hereof, but these Restrictions shall be construed as if included. Whenever the context so requires, the singular number includes the plural, and the converse; and the masculine gender includes the female and/or neuter.

Declarant further declares that the purpose for recording this Declaration of Covenants, Conditions and Restrictions and Amended Condominium Plan attached hereto and made a part hereof, is to cancel, supersede, nullify and void in its entirety that certain Declaration of Covenants, Conditions and Restrictions, and Condominium Plan attached thereto, recorded January 2, 1970 as Instrument No. 804 in Book 9182, Page 109 of Official Records, in the office of the County Recorder of Orange County, pursuant to the provisions of Title 6 Part 4, Division Second, of the Civil Code under Chapter 1 (General Provisions) Section 1351.

IN WITNESS WHEREOF, Declarant has affixed its signature this 26th day of April, 1971.

OAKLAWN HOMES, INC., a California corporation

By

By

Handwritten signatures and a circular notary seal for the County of Orange, California.