

State
of
California
OFFICE OF THE SECRETARY OF STATE

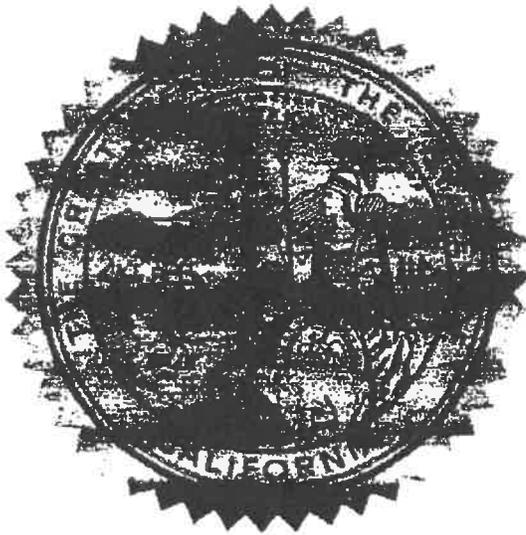
CEDARBROOK NORTH HOMEOWNERS ASSOCIATION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

April 10, 1989



March Fong Eu

Secretary of State

Cedarbrook

PPAY 1031501
CORONA 7801.002 890585

ARTICLES OF INCORPORATION
OF
CEDARBROOK NORTH HOMEOWNERS ASSOCIATION

FILED
in the office of the Secretary of State
of the State of California
SEP 18 1985
J. Gordon H. Hurd
Secretary

ARTICLE I

NAME

1.1 The name of this corporation is CEDARBROOK NORTH HOMEOWNERS ASSOCIATION.

ARTICLE II

PURPOSES

2.1 This corporation is a nonprofit, mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The general purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the Nonprofit Mutual Benefit Corporation Law.

2.2 The specific purpose for which this corporation is formed is to act as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1954, as amended, and of Section 1701(a) of the California Revenue and Taxation Code, as amended, for that certain residential planned development known as "Cedarbrook North," located in the unincorporated area of the County of San Bernardino, more commonly known as "Apple Valley," State of California.

2.3 Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

ARTICLE III

AGENT FOR SERVICE OF PROCESS

3.1 The name and address of this corporation's initial agent for the service of process is:

Gary A. Ledford
c/o Jess Ranch Development Co.
10000 Apple Valley Road
Apple Valley, California 92307

ARTICLE IV

DIRECTORS

4.1 The names and addresses of the persons who are appointed as first Directors of this corporation are:

Gary A. Ledford	10000 Apple Valley Road Apple Valley, California 92307
Marcus Crawford	10000 Apple Valley Road Apple Valley, California 92307
Phillip Wood	10000 Apple Valley Road Apple Valley, California 92307

The Directors designated above, or any Directors elected prior to the first election of Directors by the Members of this corporation, shall act as such only until such first elec-

tion. The number of Directors of this corporation shall be set forth in the By-Laws of this corporation and such number may be changed by amendment to such By-Laws.

ARTICLE V

AMENDMENTS

5.1 So long as the two-class voting structure provided for in the By-Laws shall remain in effect, these Articles may be amended only by the vote or written assent of fifty-one percent (51%) of the voting power of each class of Members and fifty-one percent (51%) of the members of the Board of Directors. At such time as the Class 3 membership shall cease and be converted to Class A membership, as set forth in the By-Laws, amendments to these Articles shall be enacted by requiring the vote or written assent of:

(a) Fifty-one percent (51%) of the voting power of the corporation;

(b) Fifty-one percent (51%) of the votes of Members, other than the Decedent (as defined in the Declaration); and

(c) Fifty-one percent (51%) of the members of the Board of Directors.

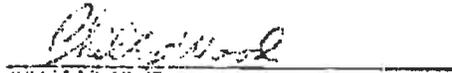
Notwithstanding the foregoing, the percentage of a quorum of the Members, or of the Members other than the Decedent, necessary to amend a specific provision in these Articles shall

not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.

IN WITNESS WHEREOF, the undersigned, constituting all of the first Directors, have executed these Articles of Incorporation this 16th day of September, 1985.


GARY A. CRAWFORD

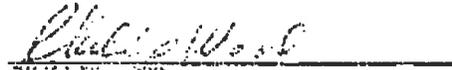

MARCUS CRAWFORD


PHILLIP WOOD

We declare that we are the persons who executed the above Articles of Incorporation, and that this instrument is our act and deed.


GARY A. CRAWFORD


MARCUS CRAWFORD


PHILLIP WOOD

Sent 10/23/17

Cedarbrook North Homeowners Association

October 14, 2017

Dear Community Member:

Please be advised that our Association is required to distribute financial information to all members on an annual basis per California Civil Code 5300. This information updates each member on the operating budget for the next fiscal year as well as information on collection procedures, insurance disclosures and documents that are available to each member. We have tried to make this information as comprehensive as possible while presenting it in a format that we hope is easy to understand. If you should have any questions, please feel free to contact Lordon Management for additional information (626) 967-7921.

Enclosed please find a copy of the pro forma budget for the next year. The Board of Directors has reviewed the budget and has attempted to keep the dues as low as possible while still meeting the operating expenses and future reserve requirements for the association. The assessment fees for the 2018 fiscal year will be \$310.00 per unit per month.

It is important for our community to collect assessment fees on a timely basis in order to meet our operating expenses. If a homeowner becomes delinquent in the payment of their assessment fees, the following collection procedure will be used:

1. All payments are due on the 1st of the month.
2. Payments are subject to late and/or interest fees if payment are not received by the 30th of the month.
3. For all late payments, a late fee and/or interest fees will be assessed, as the law allows in the following amount: \$10.00 plus interest at 10.00%.
4. A demand letter will be sent to the owner notifying them of the impending lien and allowing 30 days to submit payment in full. A demand letter fee of \$40.00 will be added to the owners account.
5. A lien will be placed on the property if an account is not paid within 60 days of the original due date.
6. If a lien is prepared against an account, a lien fee of \$150.00 is assessed against the owner's account.
7. Foreclosure proceedings will begin upon recordation of the lien. All legal/lien processing fees and costs will be billed to the owner's account as part of the legal action. All payments are applied to the oldest amounts first, including late fees.
8. An NSF fee will be assessed against the account for any returned checks.

We thank you for your support of the Cedarbrook North Homeowners Association. It takes the interest, involvement and cooperation of the association members in order for our association to be successful.

If you should have any questions on any of this information, please feel free to contact Lordon Management for assistance (626) 967-7921.

Cedarbrook North Homeowners Association

Cedarbrook North HOA
INSURANCE NOTIFICATION

Effective January 1, 1997, the California Civil Code was amended to require that associations prepare and distribute summaries to the general membership of specific insurance policies carried.

This summary of the association's policies of insurance provides only certain information, as required by subdivisions (b)(9) of Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

The information provided is only a summary of the identified insurance policies. The actual terms and conditions of the policies will control whether the Association has coverage for a particular claim, the limits of available insurance for the claim and who is responsible to pay any deductible or retention.

The Association's property manager and the Association's Board members are not able to provide you with individual advice or recommendations concerning your own insurance needs. If you have questions concerning your current insurance coverage or additional coverage that may be available to you as a member of an Association, please contact your insurance agent.

Insurance Summary:

Insurance Type	Carrier	Policy Date	Coverage Amount	Deductible \$	Deductible %	Common Area Only
Liability	Aspen Specialty Insurance	04/01/17 - 04/01/18	1,000,000		0	
Bond	Aspen Specialty Insurance	04/01/17 - 04/01/18	750,000	5,000	0	
Directors & Officers	Aspen Specialty Insurance	04/01/17 - 04/01/18	1,000,000	5,000	0	
Umbrella	Firemans Fund	04/01/17 - 04/01/18	10,000,000	10,000	0	
Worker's Comp	Hanover	04/01/17 - 04/01/18	1,000,000		0	
Fire & Liability	Aspen Specialty Insurance	04/01/17 - 04/01/18	14,000,000	5,000	0	

***Note: If your Association carries earthquake coverage, you should speak to your agent for coverage relating to real property and earthquake loss assessment coverage.**

**CEDARBROOK NORTH HOA
ANNUAL POLICY STATEMENT (Civil Code 5310 & 5320)**

OFFICIAL COMMUNICATIONS CONTACT:

The name and address of the person designated to receive official communications to the association per Civil Code section 4035 is Donalea Bauer at Lordon Management at the corporate headquarters at 1275 E. Center Court Drive, Covina, CA 91724.

SECONDARY ADDRESS NOTIFICATION REQUEST:

An owner of the community may submit a written request to have notices sent to up to two different specified addresses, per Civil Code Section 4040.

LOCATION FOR THE POSTING OF GENERAL NOTICE:

In conjunction with Civil Code 4045 (a) the location, if any, designated for posting of a general notice in the community is at all bulletin boards by the mail stations.

MEMBERS OPTION TO RECEIVE GENERAL NOTICES:

An owner has the option to receive general notices by individual delivery, per Civil Code 4045 (b).

MEMBERS RIGHT TO RECEIVE COPIES OF MINUTES:

An owner may receive a copy of the monthly board meeting minutes by submitting a written request to Lordon Management. Please note that the association may charge a fee to cover the costs of duplication and mailing. Civil Code 4950 (b)

ASSESSMENT COLLECTION POLICIES:

In conjunction with Civil Code 5730, a copy of the collection policies for the community are provided within this package.

DELINQUENT ASSESSMENT COLLECTIONS:

In conjunction with Civil Code 5850, a copy of the association's policies and practices in enforcing lien rights or other legal remedies for default in the payment of assessments are provided within this package.

DISCIPLINE POLICY:

In conjunction with Civil Code 5850 a copy of the Discipline policy, if any, including any reimbursement or fine penalties are included within this package.

DISPUTE RESOLUTION:

In conjunction with Civil Code 5920 and 5965, a summary of the dispute resolution procedures are included within this package

Civil Code 4615 deals with the enforcement of the governing documents for the association. The association or a member of the association can file a lawsuit for Declaratory Relief or Injunctive Relief, either exclusively or in conjunction with a claim for Monetary Damages not to exceed \$5,000 (other than for Association assessments), the parties shall endeavor to submit the matter to Alternative Dispute Resolution prior to the filing of a lawsuit. There are certain conditions in this code that must be met. Please note that failure to comply with the prefiling requirements of Section 4615 may result in the loss of your rights to sue the association or a member of the association regarding the enforcement of the governing documents. You may contact Lordon Management for additional information pertaining to this code.

ARCHITECTURAL MODIFICATION REQUEST:

In conjunction with Civil Code 4765, a summary of the physical change to property is included within this package.

MAILING ADDRESS FOR OVERNIGHT PAYMENTS:

In conjunction with Civil Code 5655, the mailing address for overnight payment of assessments is 1275 E. Center Court Drive, Covina, CA 91724.

ANNUAL FINANCIAL REPORT:

The association will perform an annual review or audit each year. A copy of this information will be submitted to each owner approximately 120 days after the end of the fiscal year.

ANNUAL BUDGET REPORT (Civil Code Section 5300)**PRO FORMA OPERATING BUDGET:**

In conjunction with the Civil Code requirements, please find a copy of the pro forma operating budget included within this package.

SUMMARY OF THE RESERVES:

In conjunction with Civil Code 5565 please find a summary of the association's reserves included within this package.

SUMMARY OF RESERVE FUNDING PLAN:

In conjunction with Civil Code 5550 and 5570 please find a copy of the reserve funding plan or the summary form within this package.

DEFERRED MAINTENANCE:

In conjunction with the Civil Code, the Board of Directors has no plans to defer maintenance within the community.

SPECIAL ASSESSMENT:

In conjunction with the Civil Code, the Board of Directors has not determined, nor anticipates any special assessments for the purpose of funding the repairs, replacement or restoration of any major component. In the event an emergency or unforeseen event occurs, a special assessment may be required.

RESERVE FUNDING:

The association typically relies primarily on funding for the reserves from monthly assessment fees. From time to time, events may occur that cause the association to consider a special assessment and/or a loan to deal with emergency situations.

RESERVE CALCULATIONS:

In conjunction with Civil Code 5570, you will find included in this package reserve study report calculations utilized to create the reserve funding projections.

LOAN:

In conjunction with the Civil Code, there are no existing loans at this time.

INSURANCE DISCLOSURE:

In conjunction with the Civil Code, please find enclosed within this package a summary of the insurance policies that are currently in effect for the association.

Cedarbrook North HOA
ACCEPTED BUDGET
 Budget Period: 01/01/2018 - 12/31/2018
 Units: 73

Account Name	GL Number	Current Monthly Budget	Accepted Monthly Budget	Accepted Annual Budget
INCOME				
INCOME - ASSESSMENT INCOME				
Regular assessments	50100	22,338.00	22,630.00	271,560.00
TOTAL INCOME - ASSESSMENT INCOME		22,338.00	22,630.00	271,560.00
INCOME - OTHER MEMBER INCOME				
Late charge assessments	50400	0.00	0.00	0.00
Lien assessments	50500	0.00	0.00	0.00
Legal assessments	50600	0.00	0.00	0.00
Parking assessments	50700	400.00	500.00	6,000.00
TOTAL INCOME - OTHER MEMBER INCOME		400.00	500.00	6,000.00
INCOME - OTHER INCOME				
Interest income	51300	0.00	0.00	0.00
Interest income - Reserves	51301	0.00	0.00	0.00
TOTAL INCOME - OTHER INCOME		0.00	0.00	0.00
TOTAL INCOME		22,738.00	23,130.00	277,560.00
EXPENSES				
EXPENSES - ADMINISTRATIVE				
Audit & bookkeeping	60100	110.00	110.00	1,320.00
Study	60101	85.00	100.00	1,200.00
Office/bank charges	60200	60.00	60.00	720.00
Legal, liens	60300	100.00	100.00	1,200.00
Management services	60600	1,278.00	1,314.00	15,768.00
Printing & postage	60800	20.00	20.00	240.00
TOTAL EXPENSES - ADMINISTRATIVE		1,653.00	1,704.00	20,448.00
EXPENSES - UTILITIES				
Utility-electric	65100	200.00	200.00	2,400.00
Utility trash	65400	850.00	850.00	10,200.00
Utility water	65500	2,500.00	3,200.00	38,400.00
TOTAL EXPENSES - UTILITIES		3,550.00	4,250.00	51,000.00
EXPENSES - INSURANCE				
Insurance master policy	70300	1,900.00	1,500.00	18,000.00
Worker's compensation	70400	45.00	45.00	540.00
TOTAL EXPENSES - INSURANCE		1,945.00	1,545.00	18,540.00

EXPENSES - TAXES

State & federal taxes	75400	25.00	30.00	360.00
TOTAL EXPENSES - TAXES		25.00	30.00	360.00

EXPENSES - CONTRACTED SERVICES

Contracted gardening service	80301	2,055.00	2,130.00	25,560.00
Sprinkler supplies	80302	250.00	150.00	1,800.00
Gardening extras/trees	80303	200.00	250.00	3,000.00
TOTAL EXPENSES - CONTRACTED SERVICES		2,505.00	2,530.00	30,360.00

EXPENSES - MAINTENANCE

Electrical	85800	20.00	50.00	600.00
General maintenance	86300	100.00	100.00	1,200.00
Lighting maintenance	86500	200.00	200.00	2,400.00
Plumbing-Units	87000	65.00	65.00	780.00
Roof repairs	87100	100.00	100.00	1,200.00
Roof preventive maintenance	87101	550.00	550.00	6,600.00
Carport maintenance	87111	100.00	100.00	1,200.00
TOTAL EXPENSES - MAINTENANCE		1,135.00	1,165.00	13,980.00
TOTAL EXPENSES BEFORE RESERVES		10,813.00	11,224.00	134,688.00

EXPENSES - PROVISION FOR RESERVES

Drive resurface	95100	800.00	800.00	9,600.00
Concrete	95110	700.00	200.00	2,400.00
Drives seal	95200	0.00	435.00	5,220.00
Fence	95300	50.00	50.00	600.00
Block wall	95301	50.00	50.00	600.00
Roof tile	95504	700.00	500.00	6,000.00
built up roof/house	95565	3,700.00	5,202.00	62,424.00
Built up roof/garage	95566	715.00	1,500.00	18,000.00
Paint house	95602	2,000.00	800.00	9,600.00
Paint wood/trim	95739	250.00	84.00	1,008.00
General operating	95800	700.00	500.00	6,000.00
Irrigation system	96100	500.00	200.00	2,400.00
Landscaping(replace)	96113	0.00	100.00	1,200.00
Carport lights	96301	200.00	10.00	120.00
Sidewalk-lights	96302	150.00	50.00	600.00
Tree trimming	96901	1,000.00	1,250.00	15,000.00
Plumbing	98400	0.00	10.00	120.00
Termite Woodwork	98800	100.00	50.00	600.00
Signs	98802	50.00	100.00	1,200.00
Utility doors	98819	250.00	5.00	60.00

Irrigation clocks	99205	10.00	10.00	120.00
TOTAL EXPENSES - PROVISION FOR RESERVES		11,925.00	11,906.00	142,872.00
TOTAL EXPENSES		22,738.00	23,130.00	277,560.00
BUDGET SURPLUS / (DEFICIT)			0.00	

Cedarbrook North HOA
STATUS OF RESERVES
 Budget Period: 01/01/2018 - 12/31/2018

GL No	Account Name	Current Budget	Estimated Year End Reserve	Funded Current	Replacement Cost	Method	Total Life	Remain. Life	Accepted Budget	Funded New
40100	Drive resurface	800.00	-1,050.76	-2%	52,000.00	1		48	800.00	72%
40110	Concrete	700.00	16,477.60	75%	22,000.00	1		12	200.00	86%
40200	Drives seal		-17,047.44		0.00	3		0	435.00	
40300	Walls/fences	50.00	2,738.00	42%	6,500.00	1		36	50.00	70%
40301	Block wall	50.00	5,850.00	47%	12,500.00	1		36	50.00	61%
40504	Roof tile	700.00	9,157.20	5%	189,000.00	1		204	500.00	59%
40565	Built up roof/house	3,700.00	-26,864.84	-20%	135,000.00	1		24	5,202.00	73%
40566	Built up roof/garage	715.00	24,121.00	37%	65,400.00	1		24	1,500.00	92%
40602	Paint house	2,000.00	99,829.31	50%	199,812.00	1		84	800.00	84%
40739	Paint wood/trim	250.00	38,503.00	84%	46,053.00	1		84	84.00	99%
40800	General operating	700.00	-23,380.36	-2923%	800.00	1		24	500.00	-1423%
41100	Irrigation system	500.00	23,444.70	73%	32,000.00	1		24	200.00	88%
41113	Landscaping(replace)		1,282.11		0.00	3		0	100.00	
41301	Carport lights	200.00	16,448.07	98%	16,700.00	1		12	10.00	99%
41302	Sidewalk-lights	150.00	14,501.99	88%	16,500.00	1		24	50.00	95%
41901	Tree Trimming	1,000.00	-865.00	-6%	15,000.00	3		12	1,250.00	94%
43200	Interest		750.02							
43400	Plumbing		4,010.23		0.00	3		0	10.00	
43800	Termite Woodwork	100.00	8,398.04		0.00	3		24	50.00	
43802	Signs	50.00	-2,576.50	-17%	15,000.00	1		24	100.00	-1%
43819	Utility doors	250.00	9,395.00	107%	8,800.00	1		12	5.00	107%
44205	Irrigation clocks	10.00	7,515.42	137%	5,500.00	3		12	10.00	139%
									11,906.00	

Method 1 - Based on the estimated replacement cost and remaining life.
 Method 2 - Value based on the DRE reserve guidelines.
 Method 3 - Flat rate.
 Method 4 - Flat amount requested by the board of directors.

FHA Condominium Approval Status

“Certification by the Federal Housing Administration may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of potential buyers of the separate interest.

However, it should be noted that HUD/FHA status may change without further notice.

Common Interest Development Name: Cedarbrook North Homeowners Association

FHA: *The common interest development ~~is~~/is not a condominium project. The association of this common interest development is/is not certified by the Federal Housing Administration.*

FHA ID#: N/A

FHA Status: N/A

Expiration of FHA Approval: N/A

VA Condominium Approval Status

“Certification by the federal Department of Veteran Affairs may provide benefits to members of an association, including an improvement in an owner’s ability to refinance a mortgage or obtain secondary financing and an increase in the pool of plentiful buyers of the separate interest.

**Common Interest Development Name: Cedarbrook North
Homeowners Association**

VA: The common interest development ~~is~~ is not a condominium project. The association of this common interest development ~~is~~ is not certified by the Department of Veteran Affairs.

VA ID#: N/A

VA Status: N/A

Expiration of VA Approval: Note-If project is VA approved, it does not need to complete a renewal or another approval. VA approval does not expire.

**CEDARBROOK NORTH HOMEOWNERS ASSOCIATION
DISCLOSURE REGARDING APPROVAL NEEDED
TO MAKE PHYSICAL CHANGES TO PROPERTY**

According to the Association's governing documents, all changes to the common area and /or to the exterior of any unit/lot by an owner require the prior written approval of the Association's Architectural Committee (and in some cases a certain percentage of the owners must approve such a change).

Owners must submit a written application identifying the proposed change(s) to the Architectural Committee. The Architectural Committee in its sole discretion will approve or disapprove of the owner's application within 45 days, subject to appropriate conditions required by the Architectural Committee, pursuant to the Association's governing documents.

The owner may seek reconsideration by the Board of Directors (in an open meeting held in accordance with Civil Code Section 4925 (a) of the decision made by the Architectural Committee, unless the Architectural Committee has the same membership as the Board of Directors. If applicable, the Board of Directors will respond to the request for reconsideration within 60 days after receipt of such request.

Cedarbrook North COMPLIANCE ASSESSMENT FINE SCHEDULE

Pursuant to Article V Section 13 of the Declaration of Covenants Conditions and Restrictions (CC&R's) of the Cedarbrook North Association. The Board of Directors (Board) hereby revises the previously enacted Compliance Assessment Fine Schedule as follows:

1 st Notice of violation	All in on violation letter that will address the concern, ask that the violation be corrected and invite the owner to a hearing.
1 st Fine	\$ 50.00
2 nd Fine**	\$100.00
3 rd Fine**	\$150.00
4 th Fine**	\$200.00

**For repeat violations of the same rule of failure to comply within the time period specified by a previous notice or notices.

Cedarbrook North By-Laws Article XIII Section 3 provide that a compliance assessment fine may be levied against an owner after a Hearing conducted by the Board of Directors in Executive Session.

NOTICE
ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Section 5720 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5650, 5740, and 5720 of the Civil Code)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (Sections 5650 and 5655 of the Civil Code)

The association must comply with the requirements of Section 5650 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5650 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 (a) of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5650 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 5 (commencing with Section 5925) of Chapter 4 of Title 6 of Division 2 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 2 (commencing with Section 4925) of Chapter 7 of Title 6 of Division 2 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5740 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exist. (Section 5665 (a) of the Civil Code)

The board of directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 (b) of the Civil Code)

This Notice is furnished pursuant to California Civil Code §5730 (a)

**ALTERNATIVE DISPUTE RESOLUTION (ADR) RIGHTS
(SUMMARY)**

California Civil Code section 5925 *et seq.* requires that the Association and owners endeavor to submit certain types of dispute to ADR prior to initiating a lawsuit. This notice merely provides a summary of the statute. If there is a dispute which may require ADR pursuant to Civil Code section 5925 *et seq.*, please review all of the provisions of the statute or seek your own independent legal counsel.

PARTIES BOUND BY THE STATUTE

The parties required to comply with the new statute are the Association (through the Board of Directors) and any owners of record.

DISPUTES SUBJECT TO THE STATUTE (QUALIFYING DISPUTES)

Section 5930 provides that the Association or owners may not file an enforcement action in the Superior Court unless the parties have endeavored to submit their dispute to ADR. An "enforcement action" is defined as a civil action or other proceeding for any of the following purposes:

1. Enforcement of the Davis-Stirling Common Interest Development Act (Civil Code section 4000 *et seq.*);
2. Enforcement of the California Nonprofit Mutual Benefit Corporation law, commencing with Corporations Code section 7110.
3. Enforcement of the Association's governing documents.

Where, however, an owner has a private dispute with another owner or a tenant, or the Board has a dispute with a third party such as a landscaper, such a dispute is not within the confines of the statute.

DISPUTES SPECIFICALLY EXCLUDED FROM THE STATUTE

The ADR statute applies only to an enforcement action that is solely for declaratory, injunctive or writ relief, or for that relief in conjunction with a claim for monetary damages not in excess of \$5,000. The following types of disputes are specifically excluded from being required to resort to ADR.

1. A Small Claims action;
2. Assessment collection, except as provided for in Civil Code section 5600;
3. Claims for money damages in excess of \$5,000.00 in conjunction with a claim for declaratory, injunctive or writ relief;
4. Actions for preliminary or temporary injunctive relief; and
5. The filing of a cross-complaint in response to a complaint already filed.

COMPLIANCE PROCEDURES

- A. **INITIATING PARTY.** The party pursuing the dispute, prior to filing any lawsuit, must serve on the other party "Request for Resolution" including the following information and language:
1. A brief description of the dispute;
 2. A request that the matter be submitted to ADR;
 3. A notice that the party receiving the Request for Resolution (the "Responding Party") is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected.
 4. If the party on whom the Request is served is an owner, a copy of the Civil Code section 5925 *et seq.*
- B. **SERVICE.** A Request for Resolution may be served by personal delivery, first-class mail, express mail, facsimile transmission or other means reasonably calculated to provide the Responding Party actual notice of the Request.
- C. **RESPONDING PARTY'S OBLIGATION.** Upon receipt of the Request for Resolution the Responding Party, whether the Association or an owner, has thirty (30) days in which to either accept or reject the Request. In the event no such response is received, the Request is deemed "rejected".
- D. **TIME FOR COMPLETION OF ADR.** Where the Request is accepted, the parties must complete the ADR within ninety (90) days of receipt of the acceptance. However, the parties can stipulate in writing to extend the period.
- E. **COST OF ADR.** The cost of ADR shall be borne by the parties.
- F. **TOLLING OF STATUTE OF LIMITATIONS.** If a Request for Resolution is served before the end of the applicable statute of limitations, the time limitation is tolled for certain periods specified in the Civil Code section 5945.
- G. **CERTIFICATE.** In the event that a lawsuit is eventually commenced, the party filing must file with the initial pleading a certificate stating that one or more of the following conditions is satisfied: (1) Alternative dispute resolution has been completed in compliance with 5925 *et seq.*; (2) One of the parties to the dispute did not accept the terms offered for alternative dispute resolution; or (3) preliminary or injunctive relief is necessary.

CONSEQUENCES FOR FAILURE TO COMPLY WITH THE ADR LAW

The failure to file the aforementioned certificate with the Court is grounds for a demurrer or motion to strike unless the Court finds that dismissal of the action for failure to comply would result in substantial prejudice to one of the parties. Additionally, in awarding attorney's fees and costs, a court may consider whether a party's refusal to participate in ADR before commencement of the enforcement action was reasonable. As a result, it is important to seek independent counsel in the event that you, as an owner, have further questions.

FAILURE OF A MEMBER OF THE ASSOCIATION TO COMPLY WITH THE ALTERNATIVE DISPUTE RESOLUTION REQUIREMENTS OF SECTION 5930 OF THE CIVIL CODE MAY RESULT IN THE LOSS OF YOUR RIGHT TO SUE THE ASSOCIATION OR ANOTHER MEMBER OF THE ASSOCIATION REGARDING THE ENFORCEMENT OF THE GOVERNING DOCUMENT OR THE APPLICABLE LAW.

This summary is provided in accordance with Civil Code sections 5930.

INTERNAL DISPUTE RESOLUTION (IDR) RIGHTS (SUMMARY)

Pursuant to Civil Code section 5900 *et seq.*, the following internal dispute resolution process is to be followed by the Association and owners in connection with disputes relating to the enforcement of the Association's governing documents, the Davis-Stirling Common Interest Development Act (Civil Code section 4000 *et seq.*) and section 7110 *et seq.* of the Nonprofit Mutual Benefit Corporation Code (collectively, the "Disputes").

Either party to a Dispute may invoke the following procedure:

1. The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
2. An owner may refuse a request to meet and confer. The Association may not refuse a request to meet and confer.
3. The Association's Board of Directors shall designate a member of the Board to meet and confer.
4. The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.
5. A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the Board designee on behalf of the Association.
6. The agreement reached binds the parties and is judicially enforceable if both of the following conditions are satisfied: (a) The agreement is not in conflict with the law or governing documents of the common interest development or association; and (b) The agreement is either consistent with the authority granted by the Board of Directors to its designee or the agreement is ratified by the Board of Directors.

A member of the association may not be charged a fee to participate in the process

This summary has been provided in accordance with Civil Code section 5920.

7.) Based upon the method of calculation in Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$ and the projected reserve fund cash balance in each of those years, taking-into-account only assessments already approved and other known revenues, is \$, leaving the reserve at % percent funded. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$, leaving the reserve at % percent funded.

NOTATION: In-regards-to item 7 above, please find attached a copy of the 5-year funding projection from the reserve study report on the following page.

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term tax interest rate earned on reserve funds was 1% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement cost was 2% per year.

For-the-purpose of preparing this summary:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement
- (2) "Major component" has the meaning used in Section 5560 Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Summary.
- (3) The form set out in subdivision (a) shall accompany each pro forma operating budget or summary thereof that is delivered pursuant to this article. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For-the-purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation.

Cedarbrook North Homeowners Association
Funding Status Report

REPORT DATE: September 12, 2017
 VERSION: 012
 ACCOUNT NUMBER: 12324

DESCRIPTION	USE LIFE	+/- LIFE	REM LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
Streets - Asphalt Overlay	20	+18	5	72,162	62,432	0
Streets - Asphalt Repairs	4	0	1	18,266	13,169	0
Streets - Asphalt Slurry Sealing	4	0	1	5,124	3,694	0
Streets - Concrete, Repairs	5	0	4	5,000	472	0
*** CATEGORY SUMMARY:				100,552	79,766	0
Roofs - Flat, Carports	20	0	0	66,400	66,400	66,400
Roofs - Flat, Units, 2013	15	0	10	11,714	3,905	0
Roofs - Flat, Units, 2017	15	0	14	41,000	2,733	0
Roofs - Flat, Units, Original	15	0	1	161,071	161,071	3,807
Roofs - Tile, Units	50	0	17	159,720	104,401	0
*** CATEGORY SUMMARY:				439,906	338,511	70,207
Paint - Stucco	10	0	0	212,054	212,054	212,054
Paint - Woodwork/Trim	5	0	0	39,791	39,791	39,791
*** CATEGORY SUMMARY:				251,845	251,845	251,845
Fencing - Trash Gates	25	+12	4	5,818	5,173	0
Walls - Slumpstone, Repairs	25	+17	9	5,948	4,645	0
*** CATEGORY SUMMARY:				11,766	9,818	0
Lighting - Carports	20	+9	3	17,750	15,914	0
Lighting - Grounds	16	+12	3	16,198	14,463	0
*** CATEGORY SUMMARY:				33,948	30,376	0
Doors - Utility	25	+14	6	5,000	4,212	0
*** CATEGORY SUMMARY:				5,000	4,212	0
Plumbing - Repairs	1	0	0	1,500	1,500	1,500
*** CATEGORY SUMMARY:				1,500	1,500	1,500
Signs - Monument	20	0	1	7,200	7,200	0
*** CATEGORY SUMMARY:				7,200	7,200	0
Irrigation - Backflow Devices	30	0	0	9,450	9,450	9,450
Irrigation - Controllers	15	0	0	5,604	5,604	5,604
Irrigation - Enclosures	15	0	0	20,250	20,250	20,250
*** CATEGORY SUMMARY:				35,304	35,304	35,304
Landscape - Replacement/Refurbish	1	0	0	5,000	5,000	5,000
*** CATEGORY SUMMARY:				5,000	5,000	5,000

Cedarbrook North Homeowners Association
Funding Status Report

DESCRIPTION	USE +/- REM LIFE LIFE	CURRENT COST	FULLY FUNDED RESERVES	ASSIGNED RESERVES
TOTAL ASSET SUMMARY:		892,020	763,532	363,856
CONTINGENCY @ 3.00%:			22,906	10,916
GRAND TOTAL:			786,438	374,772

Percent Fully Funded: 48%

Cedarbrook North Homeowners Association
RDA Standard Projections

REPORT DATE: September 12, 2017
 VERSION: 012
 ACCOUNT NUMBER: 12324

Beginning Accumulated Reserves: \$374,772

YEAR	CURRENT REPLACEMENT COST	ANNUAL CONTRBTN	ANNUAL INTEREST CONTRBTN	ANNUAL EXPENDTRS	PROJECTED ENDING RESERVES	FULLY FUNDED RESERVES	PERCENT FULLY FUNDED
'18	892,020	289,452	1,034	360,049	305,209	485,910	63%
'19	909,860	97,971	1,039	202,124	202,094	357,691	56%
'20	928,058	93,636	1,673	6,763	290,640	433,643	67%
'21	946,619	95,648	2,047	42,924	345,411	475,432	73%
'22	965,551	97,369	2,607	18,746	426,642	544,954	78%
'23	984,862	100,263	2,218	156,606	372,517	474,552	78%
'24	1,004,559	101,699	2,852	12,951	464,117	555,413	84%
'25	1,024,650	103,388	3,539	7,466	563,577	645,352	87%
'26	1,045,143	105,007	4,242	7,616	665,210	738,666	90%
'27	1,066,046	106,440	4,671	48,804	727,517	792,459	92%
'28	1,087,367	106,299	3,139	329,201	507,754	554,549	92%
'29	1,109,115	107,084	3,853	8,082	610,609	651,091	94%
'30	1,131,297	109,328	4,582	8,244	716,275	751,272	95%
'31	1,153,923	111,574	5,117	38,665	794,301	823,412	96%
'32	1,177,001	113,597	5,457	69,273	844,082	866,794	97%
'33	1,200,541	115,251	5,616	97,098	867,851	883,803	98%
'34	1,224,552	116,162	4,852	230,040	758,825	763,519	99%
'35	1,249,043	116,692	3,840	265,499	613,858	605,561	101%
'36	1,274,024	113,714	4,611	9,284	722,900	715,739	101%
'37	1,299,505	114,962	5,163	40,351	802,673	797,637	101%
'38	1,325,495	117,093	2,625	482,554	439,837	418,794	105%
'39	1,352,005	118,646	3,075	56,215	505,344	482,529	105%
'40	1,379,045	119,041	3,861	10,049	618,196	598,329	103%
'41	1,406,626	120,381	4,460	38,240	704,797	689,163	102%
'42	1,434,758	118,661	5,201	18,497	810,163	804,935	101%
'43	1,463,453	134,886	4,354	251,927	697,476	680,210	103%
'44	1,492,722	133,897	5,252	10,877	825,748	808,715	102%
'45	1,522,577	134,618	6,153	11,095	955,425	942,087	101%
'46	1,553,028	133,325	7,059	11,317	1,084,492	1,080,471	100%
'47	1,584,089	145,500	7,065	145,100	1,091,957	1,083,699	101%

NOTE: In some cases, the projected ending reserves may exceed the fully funded reserves during years following high expenditures. This is a result of the provision for a contingency in the report, which in the projections, is never expended. The contingency is continually adjusted according to present needs and any excess is redistributed among all assets considered.

BY-LAWS OF
CEDARBROOK NORTH HOMEOWNERS ASSOCIATION

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BY-LAWS OF
CEDARBROOK NORTH HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

Section 1. Name and Location. The name of the corporation is CEDARBROOK NORTH HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Project in the unincorporated area of the County of San Bernardino, more commonly known as "Apple Valley," State of California.

ARTICLE II

DEFINITIONS

Section 1. Definitions. All terms as used in these By-Laws shall, unless stated otherwise, be defined as set forth in that certain Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Cedarbrook North recorded on December 5, 1985, as Instrument No. 85-307789 of Official Records of San Bernardino County, California, and any amendments thereto. (Said Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements, and any amendments thereto, shall hereinafter be collectively referred to as the "Declaration.") All of the terms and provisions of the Declaration are hereby incorporated herein by reference.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who or which is an Owner, as defined in the Declaration, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in any Lot in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned in the Project upon which Declarant is then paying the appropriate monthly Assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earliest;

(a) The fourth anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Phase of the Project; or

(b) January 31, 1988.

Any action by the Association which must have the approval of the membership of the Association before being undertaken shall require the vote or written assent of both a majority of the Class B membership as well as a majority of the Class A membership, so long as there are two (2) outstanding classes of membership, unless a specific provision of the Declaration or

these By-Laws or the Articles of the Association requires the approval of a greater percentage of the voting membership.

Section 3. Vesting of Voting Rights. The voting rights attributable to any given Lot in the Project, as provided for herein, shall not vest until the Assessments provided for in the Declaration have been levied by the Association against said Lot.

Section 4. Adjustment of Voting Rights. The voting rights in the Association shall be adjusted upon the annexation of a subsequent Phase, as provided for in the Declaration. Such adjustment shall become effective upon the first close of an escrow for the sale of a Lot in such Phase.

Section 5. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Lot, and the membership shall be automatically transferred upon the sale of such Lot. In the event of such sale, the Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Lot, or to the Mortgagee (or third-party purchaser) of such Lot upon a foreclosure sale, deed in lieu or other remedy set forth in the Mortgage. Any attempt to make a prohibited transfer is void and will not be reflected in the books and records of the Association.

Section 6. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Every proxy shall be revocable and shall automatically cease upon the earliest of the following: (a) the conveyance by the Owner of his Lot; (b) the date of automatic termination, if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy.

Section 7. Election of Delegate to Master Association. Members shall elect a Delegate to the Master Association to

act on their behalf at meetings of the Master Association. Such election shall be by written ballot, unless a majority of the Board determines otherwise. The Delegate shall be elected by a majority vote of the Members at the annual meeting of the Association, or at any special meeting called for such purpose. Each Delegate shall hold office until his successor has been elected or until his death, resignation or removal. A Delegate shall serve for a term of one (1) year. A Delegate shall be entitled to designate a substitute Delegate from among the members of the Board to act in his absence from a meeting of the the Delegates of the Master Association.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Organizational and Annual Meetings. Regular meetings of Members of the Association shall be held not less frequently than once each calendar year at the time and place prescribed by these By-Laws. The first meeting of the Association, whether a regular or special meeting, shall be held within forty-five (45) days after the closing of the sale of the Lot which represents the fifty-first (51st) percentile interest authorized for sale under the original Final Subdivision Public Report for the first Phase of this Project, but in no event shall the meeting be held later than six (6) months after the closing of the sale of the first Lot. At such meetings there shall be elected, by ballot of the Members, a Board in accordance with the requirements of the Article herein entitled "Nomination and Election of Directors." The Members may also transact such other business of the Association as may properly come before them.

Section 2. Special Meetings. A special meeting of the Members of the Association shall be promptly called by the Board upon:

- (a) The vote for such meeting by a majority of a quorum of the Board; or

(b) Receipt of a written request therefor signed by Members representing at least five percent (5%) of the total voting power of the Association.

No business shall be transacted at a special meeting except as stated in the notice, unless by consent of a quorum of the Owners present, either in person or by proxy.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of such notice by first class mail, postage prepaid. Except in emergency situations, not less than ten (10) days nor more than ninety (90) days notice of any meeting at which Members are required or permitted to take action shall be provided to each Member, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken at the meeting.

Section 4. Quorum. The presence, in person or by proxy, of Owners holding at least fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at all meetings. In the absence of a quorum at a Members' meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such a meeting shall be at least twenty-five percent (25%) of the total voting power of the Association present, in person or by proxy. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall

be given to Members in the manner prescribed for regular meetings.

Section 5. Action Without Meeting. Any action which may be taken by the vote of Members at any regular or special meeting, except the election of Directors, where cumulative voting is a requirement, may be taken without a meeting, if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association, pursuant to Section 7513 of the California Corporations Code. All such written ballots shall be filed with the Secretary of the Association and maintained in the corporate records. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations of ballots shall indicate the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measure submitted. The solicitation shall specify the time by which the ballot must be received in order to be counted. A written ballot may not be revoked. Directors may not be elected by written ballot under this Section.

Section 6. Meetings of the Members. The meetings of the Members shall be held at the Project or as close thereto within the County as may be designated by the Board.

Section 7. Mortgagee Representation. First Mortgagees shall have the right to attend all meetings of Members through a representative designated in writing and delivered to the Board.

ARTICLE V

BOARD OF DIRECTORS:

SELECTION, TERM OF OFFICE

Section 1. Number and Qualifications of Directors.

The affairs of the Association shall be managed by a Board consisting of three (3) Directors, who need not be Members of the Association so long as the Class B membership shall exist. Thereafter, the Board shall consist only of Members who are in good standing with the Association.

Section 2. Election and Term of Office.

At the first annual meeting of the Association, the Members shall elect the Directors in accordance with the provisions set forth herein. The two (2) Directors receiving the highest number of votes shall each be elected for a term of two (2) years, and the one (1) Director receiving the fewest number of votes shall be elected for a term of one (1) year. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expiration of the terms of past Directors. Following the first annual meeting, the term of office for each successor Director shall be two (2) years. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms which a Director may serve.

Section 3. Removal.

At any regular or special meeting duly called, any one (1) or more of the Directors may be removed, with or without cause, as provided herein, and a successor may then and there be elected to fill the vacancy so created. Unless the entire Board is removed from office by the vote of Association Members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Director were then being elected. A Director who has been elected to of-

office solely by the votes of Members of the Association, other than the Declarant, may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members, other than the Declarant.

Section 4. Vacancies. Vacancies on the Board caused by any reason, other than the removal of a Director by a vote of the Association, shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum, and each Director so elected shall serve until a successor is elected at the next annual meeting of the Association. In the event that a majority of the remaining Directors are unable to agree upon a successor within fifteen (15) days following the occurrence of a vacancy, a special election to fill the vacancy shall then be held in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors," within not less than ten (10) days nor more than thirty (30) days following the expiration of said fifteen (15) day period. Notice of a special meeting and election shall be given in accordance with the terms provided in the Article herein entitled "Nomination and Election of Directors."

Section 5. Compensation of Directors. No Director shall receive compensation for any service he may render to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however, that a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not fewer than the number of vacancies that are to be filled. Nominations may be made from among Members or non-Members, so long as the Class B membership exists. Thereafter, nominations shall only be made from among Members.

Section 2. Election. Election to the Board shall be by secret written ballot. At such election the Members may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is required for all elections in which two (2) or more positions are to be filled; provided, however, that all cumulative voting hereunder shall comply with the procedural prerequisites of California Corporations Code, Section 7615(b), which provides that no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's or candidates' names have been placed in nomination prior to the voting, and a Member has given notice at the meeting prior to the voting of said Member's intention to cumulate votes. If any one (1) Member has given such notice, all Members (including Declarant) shall have the right to cumulate votes and give one (1) candidate, or divide among any number of candidates, a number of votes

equal to the total number of votes to which said Member is entitled to vote upon other matters multiplied by the number of Directors to be elected.

Section 3. Special Class A Voting Procedures. Notwithstanding any other provision herein or in any other document regarding this Project to the contrary, from the first election of the Board and thereafter for so long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two (2) outstanding classes of membership in the Association, not less than twenty percent (20%) of the incumbents on the Board shall be elected solely by the votes of Owners other than the Declarant. The election of Directors shall be first held by the Members, other than Declarant, who shall elect the number of Directors to the Board which represents twenty percent (20%) of the Board (one [1] Director). Any Owner, with the exception of Declarant, shall be an eligible candidate for this special election. Such election shall be by written ballot unless a majority of the Members, other than Declarant, determine otherwise. The remaining Directors shall be elected in accordance with the cumulative voting procedures established herein.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular and Special Meetings. Regular meetings of the Board shall be held monthly, and on such day and at such hour as may be fixed, from time to time, by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Common Area, and shall be communicated to the Directors not less than four (4) days prior to the meeting, unless the time and place of the meeting is fixed by the Directors and duly adopted herein; provided, however, that notice of a meeting need not be

given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Special meetings of the Board shall be held when called by the President of the Association or by two (2) Directors, other than the President, after not less than three (3) days' notice to each Director. The notice shall specify the time and place of the meeting and the nature of any special business to be transacted. Notice of a special meeting shall be posted as prescribed for notice of regular meetings, and shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 2. Meetings of Directors. The meetings of the Directors shall be held at the Project or as close thereto in the County as possible as may be designated by the Board.

Section 3. Action Without Meeting. The Board may take any action without a meeting if all members of the Board unanimously consent in writing to the action to be taken. If the Board resolves by unanimous written consent to take any such action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consent of all Directors has been obtained.

Section 4. Chairman; Conduct of Meetings. At the first meeting of the Board, a majority of a quorum of the Directors shall elect a Chairman of the Board to preside over all meetings of the Board held during the Board's term of office. In the event the chairman shall be absent from any meeting, said meeting shall be presided over by such other Director as may be elected by a majority of a quorum of the Directors. The Secretary of the Association shall act as Secretary of the Board, but in the event the Secretary shall be absent the Chairman or presiding Director may appoint any person to act as Secretary for the meeting.

Section 5. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII
POWERS AND DUTIES OF THE
BOARD OF DIRECTORS

Section 1. Powers. The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Subject to the provisions of the Articles, the Declaration and these By-Laws, the Board shall have all general powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations, and shall have the following specific powers:

(a) Enforce the provisions of these By-Laws and the Declaration;

(b) Maintain fire, casualty, liability, fidelity bond coverage and other insurance coverage pursuant to the terms of Declaration;

(c) Provide maintenance, utility, gardening and other services benefiting the Common Area, and to employ personnel necessary for the operation of the Project and for legal and accounting services;

(d) Purchase materials, supplies and the like for the maintenance and repair of the Common Area, and all Improvements located thereon;

(e) Pay all taxes and special assessments which would be a lien upon the entire Project or the Common Area, and to discharge any lien or encumbrance levied against the Project or the Common Area;

(f) Pay for reconstruction of any portion of the Common Area damaged or destroyed;

(g) Delegate its powers;

(h) Enter into any Lot when necessary in connection with maintenance or construction for which the Board is responsible;

(i) Adopt reasonable Rules and Regulations concerning the maintenance, improvement, use and/or occupancy of any portion of the Project; and

(j) Perform any and all other acts that a non-profit, mutual benefit corporation organized under the laws of the State of California is empowered to do, which may be necessary, convenient or appropriate in the administration of its affairs for the specific purposes of meeting its duties as set forth in the Declaration.

Section 2. Duties. The Board shall perform and execute, for and on behalf of the Association, all of the duties which have been delegated to the Association as set forth in the Article entitled "Powers and Duties of the Association" in the Declaration.

ARTICLE IX
OFFICERS AND THEIR DUTIES

Section 1. Enumeration and Qualifications of Officers. The officers of this Association shall be a President, Vice President, Secretary and a Treasurer. Said officers shall consist only of Members in good standing of the Association. Any Member serving as a Director of the Association may simultaneously serve as an officer thereof.

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

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

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

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

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall

simultaneously hold more than one (1) of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. Duties of the officers are as follows:

(a) President: The President shall preside at all meetings of the Members of the Association; shall see that orders and resolutions of the Board are carried out; shall co-sign all leases, Mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes; provided, however, that the authority to co-sign all checks is assignable to a manager for the Project.

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

(c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall co-sign all contracts, leases or other instruments executed in the name of or on behalf of the Association; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all checks and promissory notes of the Association; provided, however, that the authority to co-sign all checks is assignable to a manager for the Project; keep proper books of account; cause an annual audit of the Association books to be made by a certified

public accountant at the completion of each fiscal year as provided for in the Declaration, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9. Compensation of Officers. No officer shall receive any compensation for services performed to the Association, except as permitted under the Article contained in the Declaration entitled "Powers and Duties of the Association"; provided, however, that an officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE X

OBLIGATIONS OF MEMBERS

Section 1. Assessments. All Members are obligated to pay, in accordance with the provisions of the Declaration, all Assessments imposed by the Association to meet all expenses of the Association. All delinquent Assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2. Maintenance and Repair. Every Member shall be responsible, at his sole cost and expense, for all maintenance and repair work on his Lot, as required in the Article of the Declaration entitled "Repair and Maintenance."

ARTICLE XI

COMMITTEES

Section 1. Appointment of Committees. The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XII

INSPECTION OF BOOKS AND RECORDS

Section 1. Availability of Books and Records. The membership register, books of account and minutes of meetings of the Members, of the Board and of any and all committees shall be made available for inspection and copying by any Member of the Association, or by his duly-appointed representative at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Project as the Board shall prescribe.

Section 2. Rules Concerning Inspection. The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made; and

(c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 3. Inspection by Directors. Every Director shall have the absolute right, at any reasonable time, to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XIII

NOTICE AND HEARING

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these By-Laws or the Rules and Regulations of the Association, and after written notice of such allegation, as provided below, the Board shall have the right, after conducting a hearing on the matter, as provided below, to discipline any Member by taking any one (1) or more of the following actions: (a) levying a Compliance Assessment as provided in the Declaration; (b) suspending or conditioning the right of said Member to use any Common Area owned or operated by the Association; or (c) suspending said Member's voting privileges. Any such suspension shall be for a period of time not exceeding thirty (30) days for any noncontinuing violation, but in the case of a continuing violation, including, without limitation, the nonpayment of Assessments which have become delinquent, such suspension may be imposed so long as the violation continues.

Section 2. Notice to Member. Written notice of the alleged violation shall be delivered personally or mailed to the Member by first class or registered mail, return receipt requested, at least fifteen (15) days before the proposed hearing on said alleged violation. Said notice shall contain: (a) an explanation in clear and concise terms of the nature of the alleged violation; (b) a reference to provisions of the Declaration, the Rules and Regulations or these By-Laws which said Member is alleged to have violated; and (c) the time and place for the hearing.

Section 3. Hearing. The hearing shall be conducted by the Board, in executive session, who shall hear the charges and evaluate the evidence concerning the alleged violation. At the hearing, said Member shall have the right to present oral or written evidence concerning the alleged violation. The Board shall render its decision concerning the alleged violation to

said Member not less than five (5) days after the hearing, and shall provide a written explanation of the suspension, fine or conditions, if any, imposed by the Board.

ARTICLE XIV

AMENDMENTS

Section 1. Amendments to By-Laws. So long as the two-class voting structure provided for herein shall remain in effect, these By-Laws may be amended only by the vote or written assent of fifty-one percent (51%) of the voting power of each class of Members. At such time as the Class B membership shall cease and be converted to Class A membership, amendments to these By-Laws shall be enacted by requiring the vote or written assent of:

(a) Fifty-one percent (51%) of the total voting power of the Association; and

(b) Fifty-one percent (51%) of the votes of Members, other than the Declarant.

Notwithstanding the foregoing, the percentage of a quorum of the Members or of the votes of Members, other than the Declarant, necessary to amend a specific provision in these By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under said provision.

Section 2. VA/FHA Approval. So long as there is a Class B membership in the Association, the VA/FHA shall have the right to veto any amendment to these By-Laws.

ARTICLE XV
CORPORATE SEAL

Section 1. Seal. The Association shall have a seal in circular form having within its circumference the words: CEDARBROOK NORTH HOMEOWNERS ASSOCIATION.

ARTICLE XVI
MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by the Board, and having been so determined, is subject to change, from time to time, as the Board shall determine.

Section 2. Checks and Drafts. All checks, drafts or other order for payments of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by the person or entity, and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 3. Execution of Documents. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances, and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or in any amount.

Section 4. Dissolution. Any dissolution of the Association shall require the approval of the Board and the vote or written consent of both: (a) individual Members exercising at least a majority of the total voting power of the Association, and (b) individual Members exercising at least a majority of the voting power of the Association residing in Members, other than Declarant. Upon the winding-up and dissolution of the Associa-

tion, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to an appropriate public agency or any nonprofit corporation, association or trust, to be used for purposes similar to those for which the Association was created.

Section 5. Conflict. In the case of any conflict between the Articles and these By-Laws, the Articles shall control, and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

* * *

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CEDARBROOK NORTH HOMEOWNERS ASSOCIATION, a California nonprofit, mutual benefit corporation; and

2. That the foregoing By-Laws, comprising of 21 pages, constitute the original By-Laws of said corporation, as duly adopted at the first meeting of the Board of Directors thereof duly held _____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this ____ day of _____, 19__.

SECRETARY
Cedarbrook North Homeowners
Association

GOVERNING DOCUMENT COVER PAGE

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS, AND
RESERVATION OF EASEMENTS FOR
CEDARBROOK NORTH
(DELEGATE DISTRICT NO. 2)

A Residential Planned Development

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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS, AND
RESERVATION OF EASEMENTS FOR
CEDARBROOK NORTH

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATION OF EASEMENTS is made this 5th day of October, 1985, by GARY A. LEDFORD, a married man, as his sole and separate property (hereinafter referred to as the "Declarant").

W I T N E S S E T H:

A. Declarant is the owner of that certain real property located in the unincorporated area of the County of San Bernardino, more commonly known as "Apple Valley," State of California, more particularly described as:

Lots 8 through 15, inclusive, and Lot B of Tract 12796-1, as shown on a Map recorded in Book 178, Pages 7 to 9, inclusive, of Maps in the Office of the County Recorder for the County of San Bernardino, California

(hereinafter referred to as the "Property").

B. Declarant desires to develop the Property, and any additional real property which is annexed thereto pursuant to that Article herein entitled "Annexation of Additional Property," as a residential planned development (hereinafter referred to as the "Project").

C. The Project is part of a larger land area which Declarant intends to develop and improve as a planned community known as "Jess Ranch," in accordance with the "Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Jess Ranch" recorded on November 27, 1985, as Instrument No. 85-302422, Official Records of San Bernardino County, California. As more specifically set forth herein, the Project shall become a part of Jess Ranch.

D. Declarant deems it desirable to impose a general plan for the development, maintenance, improvement, protection, use, occupancy and enjoyment of the Project, and to establish, adopt and impose covenants, conditions and restrictions upon the Project for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Project.

E. Declarant deems it desirable for the efficient enforcement, protection and preservation of the value, desirability and attractiveness of the Project to create a corporation

which shall be delegated and assigned the powers of administering and enforcing said covenants, conditions and restrictions.

F. CEDARBROOK NORTH HOMEOWNERS ASSOCIATION, a California nonprofit, mutual benefit corporation, has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers.

G. Declarant intends to convey the Project, and any and all portions thereof, subject to the covenants, conditions and restrictions set forth hereinbelow.

NOW, THEREFORE, Declarant agrees and declares that it has established, and does hereby establish, a plan for the development, maintenance, protection, improvement, use, occupancy and enjoyment of the Project, and has fixed, and does hereby fix, the covenants, conditions, restrictions, easements, reservations, liens and charges (hereinafter collectively referred to as the "Covenants") upon the Project. Each and all of the Covenants shall run with the land and shall inure to the benefit of and be binding upon Declarant, its successors and assigns, all subsequent owners of all or any portion of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I DEFINITIONS

Section 1. "Annexation Property" shall mean and refer to all of that certain real property located in the unincorporated area of the County of San Bernardino, more commonly known as "Apple Valley," State of California, more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference, and to all improvements constructed thereon, all or any part of which may be annexed to the Property as set forth in that Article herein entitled "Annexation of Additional Property."

Section 2. "Architectural Control Committee" shall mean and refer to the architectural committee created pursuant to the Article herein entitled "Architectural Control - Approval."

Section 3. "Articles" shall mean and refer to the Articles of Incorporation of Cedarbrook North Homeowners Association, as filed in the Office of the Secretary of State of the State of California, as such Articles may be amended, from time to time.

Section 4. "Assessments" shall be used as a generic term which shall mean and refer to the following:

(a) "Annual Assessment" shall mean and refer to the charge against each Owner and his respective Lot rep-

representing a portion of the Common Expenses of the Association;

(b) "Compliance Assessment" shall mean and refer to the charge against an Owner representing the costs incurred by the Association in the repair of any damage to the Common Area for which such Owner was responsible, the costs incurred by the Association in bringing such Owner and his Lot into compliance with this Declaration, or any amount due the Association based upon disciplinary proceedings against an Owner in accordance with this Declaration; and

(c) "Special Assessment" shall mean and refer to the charge against an Owner and his respective Lot representing a portion of the cost of reconstructing any damaged or destroyed portion or portions of the Common Area, of constructing or installing any capital improvements to the Common Area, or of taking any extraordinary action for the benefit of the Common Area or the membership of the Association pursuant to the provisions of this Declaration.

Section 5. "Association" shall mean and refer to Cedarbrook North Homeowners Association, a California nonprofit, mutual benefit corporation, in which all Owners shall have a membership interest as more particularly described hereinbelow, provided that membership shall be limited to Owners. The Association shall be deemed to be a "Sub-Association," as that term is defined in the Master Declaration.

Section 6. "Board" shall mean and refer to the Board of Directors of the Association, elected in accordance with the By-Laws of the Association and this Declaration.

Section 7. "By-Laws" shall mean and refer to the By-Laws of the Association which have been, or will be, adopted by the Board, as such By-Laws may be amended, from time to time.

Section 8. "Common Area" shall mean and refer to all of that certain real property, and to all Improvements thereon, which shall be owned by the Association, or over which the Association has an easement for the use, care and maintenance thereof, for the common use, benefit and enjoyment of all Owners, except those portions of the Common Area which are reserved herein as Restricted Common Area (as defined below). The Common Area to be owned by the Association at the time of the conveyance of the first Lot in the Project shall be Lot B of Tract 12796-1, as more fully described in paragraph A of the recitals hereinabove. Additional Common Area may be annexed to the Project pursuant to the provisions of the Article herein entitled "Annexation of Additional Property."

Section 9. "Common Expenses" shall mean and refer to the actual and estimated costs to be paid by the Association for the following: (a) maintaining, managing, operating, painting,

repairing and replacing the Common Area; (b) maintaining, repairing and replacing the exterior surfaces, including the roofs, of the Residences as set forth herein; (c) managing and administering the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and any Association employees; (d) providing utilities and other services to the Common Area; (e) providing insurance as provided for herein; (f) paying that portion of any Assessment attributable to Common Expenses not paid by the Owner responsible for payment; (g) paying taxes for the Association; and (h) paying for all other goods and services designated by, or in accordance with, other expenses incurred by the Association for the benefit of all Owners.

Section 10. "County" shall mean and refer to the County of San Bernardino, State of California.

Section 11. "Declarant" shall mean and refer to Gary A. Ledford, a married man, as his sole and separate property, and to any person or entity acquiring all of Declarant's interest in the Project (including all of Declarant's rights and obligations as created and established herein) pursuant to a written assignment from Declarant which is recorded in the Office of the County Recorder for San Bernardino County. Declarant shall be deemed to be a "Merchant Builder," as that term is defined in the Master Declaration.

Section 12. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements recorded on the Project. This Declaration shall be deemed to be an "Additional Declaration," as that term is defined in the Master Declaration.

Section 13. "Declaration of Annexation" shall mean and refer to those certain declarations of restrictions annexing one (1) or more Phases of the Annexation Property into the Project, in accordance with the provisions of the Article herein entitled "Annexation of Additional Property," thereby subjecting such Phase(s) to the terms and provisions of this Declaration and bringing such Phase(s) within the jurisdiction of the Association.

Section 14. "DRE" shall mean and refer to the Department of Real Estate of the State of California, which administers the sale of subdivided lands pursuant to Sections 11000, et seq., of the California Business and Professions Code, or any similar California statute hereinafter enacted.

Section 15. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind, including, but not limited to, Residences, carports, open parking areas, cart paths, pavements, sidewalks, private drives, driveways, fences, Project perimeter walls, retaining walls, patios, irriga-

tion equipment and all related facilities, and exterior air conditioning units, solar collector panels and soft water fixtures.

Section 16. "Lot" shall mean and refer to a plot of land as shown upon the recorded subdivision map of the Project, and to all improvements, including the Residence, constructed thereon. Only those plots of land which are designed and intended for the construction of a Residence and ownership by an individual Owner shall be deemed "Lots." "Lot" shall not mean or refer to any plot of land owned by the Association as Common Area.

Section 17. "Master Association" shall mean and refer to Jess Ranch Master Association, a California nonprofit, mutual benefit corporation, incorporated under the laws of the State of California. The powers and duties of the Master Association are set forth in the Master Declaration and in the By-Laws for the Master Association. Each Owner of a Lot in the Project shall be a Member of the Master Association.

Section 18. "Master Declaration" shall mean and refer to that certain Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Jess Ranch recorded on November 27, 1985, as Instrument No. 85-302422 in the Official Records of San Bernardino County, California, as such Master Declaration may be amended, from time to time. In the event of any conflict between the Master Declaration and the provisions of this Declaration, the provisions of the Master Declaration shall be deemed to supersede such other provisions to the extent of any such conflict.

Section 19. "Member" shall mean and refer to every person or entity who holds membership in the Association, as more particularly set forth in the Article herein entitled "The Association," and shall be synonymous with the term "Owner."

Section 20. "Mortgage" shall mean and include a duly recorded deed of trust, as well as a Mortgage encumbering a Lot.

Section 21. "Mortgagee" shall mean and refer to a person or entity to whom a Mortgage is made, and shall include the beneficiary of a deed of trust.

Section 22. "Mortgagor" shall mean and refer to a person or entity who mortgages his or its property to another, i.e., the maker of a Mortgage, and shall include the trustor of a deed of trust.

Section 23. "Notice and Hearing" shall mean and refer to written notice and a hearing before the Board or the Architectural Control Committee of the Master Association, at which the affected Owner shall have an opportunity to be heard in the manner provided herein and in the By-Laws.

Section 24. "Owner" shall mean and refer to the record owner, or Owners if more than one (1), or the purchaser under a

conditional sales contract of fee title to, or an undivided interest in, any Lot in the Project. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

Section 25. "Phase" shall mean and refer to the Property or to one (1) or more Lots within the Annexation Property which are simultaneously annexed to the Project by the recording of a Declaration of Annexation in the Office of the County Recorder of San Bernardino County, and for which a Final Public Report has been issued by the DRE.

Section 26. "Project" shall mean and refer to the Property and to all Improvements, including the Residences, constructed thereon, and to all portions of the Annexation Property which are annexed to the Property in accordance with the provisions of this Declaration.

Section 27. "Property" shall mean and refer to all of that certain real property described in paragraph A of the recitals hereinabove.

Section 28. "Residence" shall mean and refer to the individual dwelling and the related Improvements which are constructed upon a separate Lot and which are designed and intended for use and occupancy as a single-family residence.

Section 29. "Rules and Regulations" shall mean and refer to the Rules and Regulations adopted by the Board pursuant to the By-Laws and this Declaration, as they may be amended, from time to time.

Section 30. "VA/FHA" shall mean and refer to the United States Veterans Administration and the Federal Housing Administration.

Section 31. Application of Definitions. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments hereto, filed or recorded pursuant to the provisions of this Declaration, unless the context shall prohibit such application.

ARTICLE II

INTRODUCTION TO CEDARBROOK NORTH

Section 1. General Plan of Development. Cedarbrook North is being developed as part of a master planned community more commonly known as "Jess Ranch." Jess Ranch is being developed in accordance with: (a) the County of San Bernardino Preliminary Development Plan, as same may be amended, from time to time, and (b) the recorded Master Declaration.

Section 2. Plan of Development for Cedarbrook North. Cedarbrook North is planned to be a three (3) Phase residential planned development which, if completed as proposed, will consist of seventy-six (76) Residences, each constructed upon its own respective Lot, and Common Area, as described below.

As presently planned, the first Phase of the Project will consist of eight (8) Lots improved with Residences, and Common Area Lot B. The future Phases of the Project will, if developed as proposed, be annexed to the Project in accordance with the applicable provisions of the Article in this Declaration entitled "Annexation of Additional Property" and in conformity with the general plan of development reviewed and approved by the VA/FHA.

There is no assurance, however, that the future Phases of the Project will be developed as presently planned, and Declarant is and shall be under no duty or obligation whatsoever to complete such Phases or to annex the same to the Project. The Association will hold title to the Common Area as it is annexed to the Project, will maintain all Common Area, including the Restricted Common Area, and will be the management body for the Project. All Owners, their contract purchasers, tenants, lessees, family members and invitees will be entitled to the use and enjoyment of the Common Area in accordance with the terms and provisions of this Declaration.

Section 3. Ownership Interests. Each Owner will receive fee simple title to a Lot, including the Residence and other Improvements thereon, together with: (a) an exclusive easement appurtenant to his Lot for Restricted Common Area carports, and (b) a nonexclusive easement appurtenant to his Lot over all Common Area in the Project.

Section 4. Membership in the Association. As more fully set forth in this Declaration, each Owner of a Lot in the Project shall automatically become a Member of the Association, and shall be obligated for the payment of Assessments to the Association. In addition, each Owner, his family members, tenants and invitees will be entitled to the use and enjoyment of the Common Area of the Project, including that Common Area annexed to the Project pursuant to the provisions of this Declaration.

Section 5. Membership in the Master Association. As more fully set forth in the Master Declaration, each Phase of the Project will be annexed to the Master Association, which shall serve to impose the covenants, conditions and restrictions set forth in the Master Declaration upon the Project, and subject said Project to the jurisdiction of the Master Association. Upon annexation to the Master Association, each Owner of a Lot in the Project shall automatically become a Member of the Master Association, and shall be responsible for the payment of Assessments to the Master Association. No Owner may waive or otherwise abandon his rights or duties in the Master Association.

Section 6. Description of Residence. Each of the Residences will consist of an attached residential dwelling ("Residence"), together with an assigned carport, and will be constructed upon its own separate Lot. The Residences will be of wood frame construction with wood siding and stucco exteriors, and concrete tile roofs.

Section 7. Description of Common Area. Fee title to the Common Area, if any, in each Phase of the Project will be conveyed to the Association free and clear of any liens or encumbrances prior to the close of escrow for the sale of the first Residence in such Phase. The Common Area will consist generally of pavement, sidewalks, private driveways, sprinkler pipes, landscaping and Restricted Common Area. Additional Common Area may be annexed to the Project in the future Phases. Each Owner of a Lot in the Project will have a nonexclusive easement appurtenant to his Lot for use and enjoyment of all Common Area within the Project, in accordance with the terms and provisions of this Declaration. The Association will be responsible for the maintenance of all Common Area and Restricted Common Area within the Project.

Section 8. Declarant's Control of Development. In order that the Project be completed and established as a residential community, Declarant shall have sole discretion and control over all aspects of designing and constructing the Residences and all other Improvements, in conformance with the plans and specifications approved by the VA/FHA, and over the selling, leasing or other conveyancing of Residences. Further, Declarant shall have, subject to a concomitant obligation to restore, an easement of ingress and egress on, over and across the Project as necessary to construct the Residences and related Improvements, but only if access is not otherwise reasonably available. Declarant shall further have reasonable rights to maintain a sales office, model complex and reasonable signs on any portion of the Project owned or controlled by Declarant for a period of three (3) years from the date of the close of escrow for the sale of a Lot in the Project in order to market the sale, lease or other conveyance of Residences in the Project.

ARTICLE III
RESERVATION OF EASEMENTS AND
OTHER PROPERTY RIGHTS

Section 1. Owners' Easements. Every Owner shall have a nonexclusive right and easement of access, use and enjoyment in and to the Common Area. Said right and easement shall be appurtenant to and shall pass with title to every Lot.

Section 2. Limitations on Owners' Easement Rights. The rights and easements of access, use and enjoyment set forth in Section 1 hereinabove shall be subject to the provisions of this Declaration, including, but not limited to, the following:

- (a) The right of the Association to reasonably limit the number of guests of Owners;
- (b) The right of the Association to establish and enforce reasonable Rules and Regulations pertaining to the use of the Common Area and Restricted Common Area;
- (c) The right of the Association, subject to the provisions of the Article herein entitled "Mortgagee Protection," and in accordance with its Articles, By-Laws and this Declaration, to borrow money with the assent of sixty-seven percent (67%) of the voting power of the Association, excluding Declarant, and/or to mortgage, pledge, deed in trust or otherwise hypothecate any or all of its real or personal property, as security for money borrowed or debts incurred, for the purpose of improving or repairing the Common Area and related facilities;
- (d) The right of the Association, subject to the provisions of the Article herein entitled "Mortgagee Protection," 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 to by the Owners. No such dedication or transfer shall be effective unless: (1) an instrument approving said dedication or transfer is signed by Owners representing sixty-seven percent (67%) of the voting power of the Association, excluding Declarant, and recorded in the Office of the County Recorder for San Bernardino County, and (2) a written notice of the proposed dedication or transfer is sent to every Owner not less than fifteen (15) days nor more than thirty (30) days in advance; provided, however, that the dedication or transfer of easements for utilities or for other public purposes consistent with the intended use of the Common Area shall not require the prior approval of the Members of the Association;
- (e) The right of the Association to suspend the rights of use and enjoyment to the Common Area recreational

facilities, if any, for any period during which the payment of Assessments by an Owner becomes delinquent, and after Notice and Hearing as provided for in the By-Laws, to suspend such rights for the period of time as may be determined by the Board, it being understood that any suspension for either nonpayment of Assessments or violation of the provisions of the Declaration or Rules and Regulations shall not constitute a waiver or discharge of the Owner's obligations to pay Assessments as provided herein;

(f) The right of the Association to perform and exercise its duties and powers as set forth herein;

(g) Other rights of the Association, the Architectural Control Committee of the Master Association, the Board, the Owners and Declarant with respect to the Common Area as may be provided for in this Declaration; and

(h) Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of the Common Area imposed by Declarant or by the County or other governmental agency having jurisdiction to impose any such limitations, restrictions or conditions, including, but not limited to, the rights of the County or such other governmental agency having jurisdiction to use their vehicles or appropriate equipment over those portions of the Common Area designed for vehicular movement to perform municipal functions or emergency or essential public services.

Section 3. Delegation of Common Area Use Rights. Any Owner who resides within the Project may delegate his rights of use and enjoyment to the Common Area, and any recreational facilities thereon, to the members of his immediate family and any other persons residing within his Residence. In the event an Owner has rented or leased his Residence, his rights of use and enjoyment to the Common Area, and any recreational facilities thereon, shall be automatically delegated to his tenants or lessees for the duration of their tenancy, and the Owner shall forfeit any rights of use and enjoyment to the Common Area, and any recreational facilities thereon, for the duration of such tenancy. In the event of a conditional sales contract, the seller under the contract shall be deemed to delegate his rights of use and enjoyment to the Common Area, and any recreational facilities thereon, to the purchaser under the contract.

Section 4. Easements for Vehicular Traffic. In addition to the general right and easements for access, use and enjoyment granted herein, there shall be, and Declarant hereby covenants for itself, and its successors and assigns, that each and every Owner shall have a nonexclusive easement appurtenant to his Lot for vehicular traffic over all private drives, if any, within the Project.

Section 5. Easements for Unintentional Encroachments.

In the event an Improvement to a Lot is constructed, reconstructed or altered, in accordance with the terms and provisions of this Declaration, and encroaches upon an adjacent Lot by not more than two feet (2') due to unwillful placement, settling or shifting of the Improvement, there shall be an easement appurtenant to such Lot on and over such adjacent Lot for purposes of the encroachment.

Section 6. Easements for Utilities. The rights and duties of the Owners of Lots within the Project with respect to sanitary sewer, water, electricity, gas, television cable (and CATV) and telephone lines, and other facilities, shall be governed by the following:

(a) Each respective utility company shall maintain all utility facilities and connections on the Project owned by such utility company; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those facilities and connections located upon such Owner's Lot and it shall be the obligation of the Association to maintain those facilities and connections located upon the Common Area.

(b) Wherever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project and it becomes necessary to gain access to said connections, cables and/or lines through a Lot owned by someone other than the Owner of the Lot served by said connections, cables and/or lines, the Owner of the Lot served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon such other Lot or to have the utility companies enter upon such other Lot to repair, replace and generally maintain said connections, cables and/or lines.

(c) Whenever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project, and said connections, cables and/or lines serve more than one (1) Lot, the Owner of each Lot served by said connections, cables and/or lines shall be entitled to the full use and enjoyment of such portions of same as service his Lot.

(d) In the event of a dispute between Owners respecting the repair or rebuilding of the aforesaid connections, cables and/or lines, or the sharing of the cost thereof, upon written request of one (1) of such Owners addressed to the Association, the matter shall be submitted to the Board who shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners.

(e) Easements over the Project for the installation and maintenance of electric and telephone lines, water, gas, drainage and sanitary sewer connections and facilities, and television antenna cables and facilities, all as shown on the recorded map of the Project and as may be hereafter required or needed to service the Project, are hereby reserved by Declarant, together with the right to grant and transfer the same.

Section 7. Easements for Maintenance of the Common Area and Restricted Common Area. In the event it becomes necessary for the Association to enter upon any Lot for purposes of: (a) maintaining the Common Area or Restricted Common Area, or (b) bringing an Owner and/or his Lot into compliance with this Declaration, in accordance with the provisions set forth herein, the Association, and its duly authorized agents and employees, shall have the right, after reasonable notice to the Owner and at a reasonable hour of the day, to enter upon such Owner's Lot for the performance of such work. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by such entry, the Association shall repair the same at its expense. Notwithstanding the foregoing, in the event of an emergency, such right of entry shall be immediate.

Section 8. Easements in Favor of the Master Association. There are hereby created and reserved over each affected Lot and the Common Area, nonexclusive easements in favor of the Master Association, its representatives and designees, for purposes of: (a) maintaining all Jess Ranch theme fences and walls, if any, which may be installed on the perimeter of the Project, and (b) maintaining all Common Area to be owned, operated or maintained by the Master Association, in accordance with the provisions of the Master Declaration. If such entry by the Master Association shall become necessary, such entry shall be made with as little inconvenience to the Owners of Lots as practicable, and in the event that any damage shall be proximately caused by or result from such entry, the Master Association shall be obligated to repair the same at its expense.

Section 9. Easements for Clustered Mailboxes. In order to comply with the various requirements of the County and the United States Postal Service, mailboxes may be installed on certain Lots within the Project. Easements are hereby created on and over the affected Lots in favor of all Owners and the United States Postal Service for delivery and deposit of mail.

Section 10. Easements for Clustered Utility Meters. In order to comply with the various requirements of the County and certain utilities' companies, nonexclusive easements are hereby created on and over affected Lots where metering devices have

been installed and affixed to Residences. Nonexclusive easements are further reserved in favor of the representatives of such utilities' companies for meter reading purposes.

Section 11. Easements Over Sidewalks. Declarant hereby covenants for itself, its successors and assigns, that each and every Owner, his tenants and invitees shall have nonexclusive reciprocal easements appurtenant on and over all sidewalks located on Lots within the Project for pedestrian access, use and enjoyment.

Section 12. Easements for Drainage. There are hereby created and reserved over each Lot in the Project easements for drainage according to the patterns for drainage created by the approved grading plans for the Project, as well as according to the actual, natural and existing patterns for drainage. Each Owner covenants and agrees that he shall not obstruct or otherwise interfere with said drainage patterns of waters from adjacent Lots in the Project over his Lot, or in the alternative, that in the event it is necessary and essential to alter said drainage pattern for the protection and use of his Lot, he will make adequate provisions for proper drainage.

Section 13. Restricted Common Area. Restricted Common Area shall mean and refer to that portion of the Common Area which is reserved for the exclusive use and benefit of the Owners of particular Lots in the Project. The Restricted Common Area constitutes an exclusive easement appurtenant to its assigned Lot, subject to the purposes and uses set forth herein. The Restricted Common Area and the Lots, the Owners of which are entitled to such exclusive use, are identified on Exhibit "B," attached hereto and incorporated herein by this reference, as "carports." As more specifically set forth in the Article herein entitled "Repair and Maintenance," it shall be the obligation of each and every Owner to maintain the Restricted Common Area appurtenant to his Lot in a neat, clean, safe and attractive condition at all times, such that said Restricted Common Area is available for the parking of authorized vehicles at all times. The Association shall bear the costs of structural repairs and painting only to the Restricted Common Area; provided, however, if such repairs are required due to the willful or negligent acts or omissions of the Owner, such Owner shall bear all costs of repair or replacement.

Section 14. Title to the Common Area. The Declarant hereby covenants for itself, and its successors and assigns, that it will convey title to the Common Area, excepting therefrom the Restricted Common Area, in a Phase to the Association, free and clear of all encumbrances and liens, except property rights in and to the Common Area which are of record or created herein and current real property taxes, which taxes shall be prorated to the

date of transfer. Said conveyance shall be made to the Association prior to or concurrently with the conveyance of the first Lot in a Phase of the Project.

Section 15. Easements for Construction and Sales. Declarant hereby reserves, for a period of three (3) years from the date of the close of escrow for the sale of the first Lot or until all Lots in the Project are sold (and escrows closed), whichever occurs first, nonexclusive easements for access, ingress and egress on and over the Project to carry on normal sales activity, including the operation of a models complex and sales office, and the display of promotional signs and exhibits in connection with the sale or lease of Lots in the Project.

Section 16. Reservation of Construction Rights by Declarant. In order that the Project be completed and established as a planned residential community, nothing in this Declaration shall limit the right of Declarant to: (a) complete construction of any Improvements in the Project; (b) redesign or otherwise modify the Improvements owned by Declarant; (c) construct such additional Improvements on any portion of the Project owned by Declarant; or (d) otherwise control all aspects of constructing the Project or selling or leasing of Lots in the Project. Furthermore, nothing in this Declaration shall limit the right of Declarant to establish additional licenses, easements and rights-of-way in favor of Declarant, utility companies or others as may, from time to time, be reasonably necessary for the development of the Project. The foregoing rights established and reserved by Declarant shall be subject only to the applicable regulations and requirements of the County, the VA/FHA and the DRE. The foregoing rights of Declarant may be assigned to any successor to all or part of Declarant's interest in the Project by an express assignment recorded with the County Recorder of San Bernardino County.

Section 17. Reservation of Common Area Easements. Declarant hereby reserves the right to grant nonexclusive easements over the Common Area in favor of Owners of any Annexation Property which is annexed to the Property pursuant to this Declaration, and upon the recordation of a Declaration of Annexation affecting the Annexation Property, the Owners of the Lots described in this Declaration shall automatically obtain nonexclusive easements over all Common Area which is a part of said Annexation Property.

ARTICLE IV

THE ASSOCIATION

Section 1. Membership. Every person or entity who or which is an Owner as defined hereinabove shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned in the Project upon which Declarant is then paying the appropriate monthly Assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earliest:

(a) On the fourth anniversary of the original issuance of the Final Subdivision Public Report for the first Phase of the Project; or

(b) January 31, 1988.

Any action by the Association which must have the approval of the membership of the Association before being undertaken shall require the vote or written assent of both a majority of the Class B membership as well as a majority of the Class A membership, so long as there are two (2) outstanding classes of membership, unless a specific provision of this Declaration or the By-laws or Articles of the Association requires the approval of a greater percentage of the voting membership. Notwithstanding the foregoing, any action by the Association pursuant to the Article contained herein entitled "Enforcement of Bonded Obligations" shall only require a majority of the voting power of the Owners, other than Declarant.

Section 3. Vesting of Voting Rights. The voting rights attributable to any given Lot in the Project, as provided for herein, shall not vest until the Assessments provided for hereinbelow have been levied by the Association against said Lot.

Section 4. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Lot. In the event of such sale, the Association membership may only be

transferred, pledged or alienated to the bona fide purchaser or purchasers of the Lot, or to the Mortgagee (or third party purchaser) of such Lot upon a foreclosure sale. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

Section 5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Every proxy shall be revocable and shall automatically cease upon the earliest of the following: (a) the conveyance by the Owner of his Lot; (b) the date of automatic termination if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy.

ARTICLE V

POWERS AND DUTIES OF THE ASSOCIATION

Section 1. Management Body. The Association is hereby designated as the management body of the Project. The Members of the Association shall be the Owners in the Project, as provided herein, and the affairs of the Association shall be managed by a Board of Directors, as more particularly set forth in the By-Laws of the Association. The initial Board shall be appointed by the incorporator or its successor. Thereafter, the Board shall be elected as provided in said By-Laws.

Section 2. Powers. The Board, for and on behalf of the Association, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Association. Subject to the provisions of the Articles, the By-Laws and this Declaration, the Board shall have all general powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations, and shall have the following specific powers:

- (a) Enforce the provisions of the By-Laws and this Declaration;
- (b) Maintain fire, casualty, liability, fidelity bond coverage and other insurance coverage pursuant to the terms of the Article herein entitled "Insurance";
- (c) Provide maintenance, utility, gardening and other services benefiting the Common Area, and to employ personnel necessary for the operation of the Project and for legal and accounting services;
- (d) Purchase materials, supplies and the like for the maintenance, painting and repair of the Common Area, and all improvements located thereon;
- (e) Pay all taxes and special assessments which would be a lien upon the entire Project or the Common Area.

and to discharge any lien or encumbrance levied against the entire Project or the Common Area;

(f) Pay for reconstruction of any portion of the Common Area damaged or destroyed;

(g) Delegate its powers;

(h) Enter into any Lot when necessary in connection with maintenance or construction for which the Board is responsible;

(i) Adopt reasonable Rules and Regulations concerning the maintenance, improvement, use and/or occupancy of any portion of the Project; and

(j) Perform any and all other acts that a non-profit, mutual benefit corporation organized under the laws of the State of California is empowered to do, which may be necessary, convenient or appropriate in the administration of its affairs for the specific purposes of meeting its duties as set forth in this Declaration.

Section 3. Duties. The Board shall perform and execute the following duties for and on behalf of the Association:

(a) Accept all Common Area which may be annexed to the Project, in accordance with Declarant's general plan of development and pursuant to the Article herein entitled "Annexation of Additional Property";

(b) Provide, water, sewer, gas, electricity, garbage and trash collection, and other necessary utility services for the Common Area, and, if not separately metered, for the Lots;

(c) Provide insurance for the Association and its Members in accordance with the provisions of the Article hereinbelow entitled "Insurance";

(d) Maintain and repair all portions of the Common Area in a neat, clean, safe, attractive, sanitary and orderly condition at all times. In the event any maintenance or repairs to the Common Area are required due to the willful or negligent acts or omissions of an Owner or Owners, the Association shall levy the cost of such maintenance and repair as a Compliance Assessment against the Lot(s) of the responsible Owner(s);

(e) In addition to all other provisions set forth herein respecting the maintenance of the Common Area, maintain all private sewers, storm drains, private drives, street, sidewalk and Common Area lighting facilities, in a condition comparable to the condition initially approved by the County;

(f) Pay all real and personal property taxes and assessments which the Association is required to pay for pursuant to the terms and provisions of this Declaration or

by law, unless separately assessed to Owners; provided, however, that it shall be the obligation of each Owner to pay his respective share of the tax assessment levied on the Project prior to separate assessments by the Tax Assessor pursuant to the applicable provisions of the California Revenue and Taxation Code;

(g) Contract for any other material, supplies, furniture, labor, services, maintenance, repairs, structural alterations and insurance which the Association is required to pay for pursuant to the terms and provisions of this Declaration or by law;

(h) Cause financial statements for the Association to be regularly prepared and copies distributed to each Member of the Association, regardless of the number of Members or the amount of assets of the Association:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year, and shall contain the following information:

(i) An itemized estimate of the Association's revenue and expenses, determined on an accrual basis;

(ii) The amount of the total cash reserves of the Association which are then currently available for the major repair or replacement of Common Area Improvements and for other contingencies;

(iii) An itemized estimate of the remaining useful life of the Common Area Improvements, together with an explanation of the methods of funding being utilized by the Association to defray the costs of future repairs, replacements or additions to the Common Area Improvements; and

(iv) A general statement setting forth the procedures utilized by the Association to calculate and establish reserves to defray the costs of future repairs, replacements or additions to the Common Area Improvements.

(2) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing for the first sale of a lot, and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received,

and receivable, identified by the number of the Lot and the name of the person or entity assessed;

(3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(i) A balance sheet as of the last day of the Association's fiscal year;

(ii) An operating (income) statement for the fiscal year;

(iii) A statement of changes in financial position for the fiscal year; and

(iv) Any information required to be reported pursuant to Section 8322 of the California Corporations Code.

This annual report shall ordinarily be prepared by an independent certified public accountant for any fiscal year. However, if for any reason the report is not prepared by an independent certified public accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association; and

(4) A statement of the Association's policies and practices in enforcing its remedies against Members for nonpayment of Assessments, as set forth in the Article herein entitled "Effect of Non-Payment of Assessments: Remedies of the Association," which shall be distributed within sixty (60) days prior to the beginning of the fiscal year.

(i) Assume and pay out of the Assessments provided for hereinbelow all costs and expenses incurred by the Association in connection with the performance and execution of all of the aforesaid powers and duties, and any other powers and duties the Association may assume as provided for in Section 4 hereinbelow;

(j) Formulate, adopt and enforce Rules and Regulations as it may deem proper for the operation of the Common Area, as more particularly set forth in Section 13 hereof;

(k) Enforce all applicable provisions of this Declaration, the Articles, By-Laws and such Rules and Regulations of the Association, and of all other documents pertaining to the ownership, use, management and control of the Project;

(l) Give notices in writing to the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) and the Government National

Mortgage Association (GNMA), and other lenders and investors participating in the financing of the sale of Lots in the Project, as required herein; and

(m) Within ten (10) days of the mailing or delivery of a written request from an Owner, provide said Owner with a copy of this Declaration and the By-Laws and Articles for the Association, and the Rules and Regulations of the Association, together with a true statement in writing as to the amount of any delinquent Assessments, penalties, attorneys' fees and other charges therein as provided by this Declaration or other management documents of the Board as of the date of such request. The Board may impose a fee for providing the foregoing, but in no event shall the fee exceed the reasonable cost to prepare and reproduce the requested documents.

Section 4. Discretionary Powers. The Board, at its option, may assume, perform and execute the following powers and duties for and on behalf of the Association:

(a) Retain the services of a manager for the Project and provide such other personnel as the Association deems necessary and proper to assist in the operation of the Association and/or management of the Common Area, regardless of whether such other personnel are employed directly by the Association or otherwise;

(b) Remove or replace any Improvement that extends into the Common Area under authority of an easement when access to a utility line underneath such Improvement is requested by any utility company; provided, however, that the cost shall be assessed against the Owner of the Lot involved as a Compliance Assessment if said Owner caused the Improvement to be so placed in the Common Area without legal right to do so;

(c) Incur any liability or pay any costs or expenses for a single Lot or Owner thereof; provided, however, that in the event the Association does incur any such liability or pay any such costs or expenses, the amount thereof shall be specially assessed to the Owner of such Lot as a Compliance Assessment; provided further, however, that nothing herein shall permit the Association to assess the Owners for any new Improvements to the Common Area, except as otherwise provided in this Declaration; and

(d) Subject to the limitations set forth in this Article, contract for any other material, furniture, labor, services, maintenance, repairs, structural alterations or insurance' or pay any taxes or Assessments which, in the opinion of the Board, shall be necessary or proper for the

operation of the Common Area for the benefit of the Owners or for the enforcement of this Declaration.

Section 5. Repair of Willful Damage to Common Area. Notwithstanding the Association's duty to maintain the Common Area, in the event that the maintenance, repair or replacement of any Improvement in the Common Area becomes necessary due to the willful or negligent acts or omissions of any Owner, his family, guests or invitees, after prior Notice and Hearing, the Board shall assess the cost of such maintenance, repair and/or replacement as a Compliance Assessment against the Lot owned by such Owner.

Section 6. Limitations on Contracts. Except as otherwise provided herein, no contract entered into by the Association or the Board, acting for and on behalf of the Association, may run for a term longer than one (1) year, except with the vote or written assent of a majority of the voting power of the Association and a majority of the votes residing in Members, other than the Declarant.

Section 7. Delegations of Duties. In the event that the Association shall delegate any or all of its duties, powers or functions to any person, corporation or firm to act as manager, neither the Association nor the members of the Board shall be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

Section 8. Right of Entry for Emergency. The Board, or any person authorized by the Board, or any Owner may enter any Lot in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Association shall repair the same at its expense.

Section 9. Right of Entry for Repairs. The Board, or any person authorized by the Board, shall have the right to enter, upon reasonable notice, any Lot to effect necessary repairs which the Owner has failed to perform or which are necessary in connection with the repairs to the Common Area or an adjoining Lot. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Association shall repair the same at its expense.

Section 10. Limitations on Board Action. The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Association and a majority of the votes residing in Members, other than the Declarant:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year, with the following exceptions:

(1) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(2) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy permits for short-rate cancellation by the insured; and

(3) Agreements for cable television services and equipment of not to exceed five (5) years duration, provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect interest of ten percent (10%) or more.

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(d) Paying compensation to Directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association; or

(e) Filling a vacancy on the Board created by the removal of a Director.

Section 11. Licenses, Easements and Rights of Way. The Board, for and on behalf of the Association, 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 over those portions of the Common Area upon which no building or other structure has been erected as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the health, safety, convenience and welfare of the Owners. 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 this Declaration 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.

Section 12. New Improvements. Except as otherwise provided in this Declaration, the Association may construct new improvements or additions to the Common Area or demolish existing Improvements, provided that in the case of any Improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the written consent or vote of a majority of the Owners (other than the Declarant) in the Project as to the maximum total cost therefor shall first be obtained, and provided that no Lot shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Board shall levy a Special Assessment on all Owners in the Project for the cost of such work.

Section 13. Association Rules and Regulations. The Board shall also have the power to adopt, amend and repeal Rules and Regulations, as it deems reasonable, which may include the establishment of a system of fines and penalties enforceable as Compliance Assessments. The Rules and Regulations shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area, signs, parking restrictions and enforcement, trash collection, minimum standards for maintenance of Lots consistent with such standards as may be set forth in the Master Declaration, and any other matter which is within the jurisdiction of the Association; provided, however, that the Rules and Regulations may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or By-Laws. A copy of the Rules and Regulations as they may, from time to time, be adopted, amended or repealed, or a notice setting forth the adoption, amendment or repeal of specific portions of the Rules and Regulations, shall be delivered to each Owner. The Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration, and shall be binding on the Owners and their successors in interest, whether or not actually received thereby. The Rules and Regulations, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner upon request. In the event of any conflict between any such Rules and Regulations and any other provisions of this Declaration, or the Articles or By-Laws, the provisions of the Rules and Regulations shall be deemed to be superseded.

ARTICLE VI
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Project, hereby covenants and each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) Annual Assessments; (b) Special Assessments for capital improvements and such other purposes set forth herein; (c) Compliance Assessments, including, but not limited to, costs incurred by the Association in the repair of damage to the Common Area for which such Owner was responsible, and costs incurred by the Association in bringing such Owner and his Lot into compliance with this Declaration; and (d) such other assessments as the Association may periodically establish. The Annual and Special Assessments, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Annual Assessment and each Special Assessment, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall also be the personal obligation of the Owner of such property at the time when the Assessment fell due. Each Compliance Assessment levied against an Owner, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be the personal obligation of the Owner of the property at the time of the Assessment. The personal obligation for delinquent Assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments: Levy and Collection. The Annual Assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the Project and to maintain and improve the Common Area. The Association, by and through its Board, shall levy and collect Assessments from the Owner of each Lot in the Project in an amount sufficient to cover all of the Common Expenses incurred by the Association in connection with the performance and execution of its powers and duties set forth in this Declaration, the By-Laws and the Articles. Annual Assessments shall be collected on a monthly installment basis.

Section 3. Annual Assessments - Basis. Each Lot shall share in the Common Expenses on an equal basis. Until the first day of the fiscal year immediately following the close of escrow for the sale of the first Lot in the Project to an Owner, the maximum monthly Assessment under this Article shall be as set forth in the Association Budget as reviewed and approved by the DRE. From and after the first day of the fiscal year immediately

following the conveyance of the first Lot to an Owner, the maximum Annual Assessment may be increased each fiscal year by the greater of either (a) ten percent (10%), or (b) the percentage increase in the Consumer Price Index (Long Beach/Los Angeles Metropolitan Area - All Items) or other comparable index, but not to exceed twenty percent (20%) above the maximum Assessment for the previous year without the vote or written assent of a majority of the voting power of the Association residing in Members, other than the Declarant. From and after the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, the maximum Annual Assessment may be increased by more than provided above only with the vote or written assent of a majority of the voting power of the Association and a majority of the voting power residing in Members, other than the Declarant. The Board may fix the Annual Assessment at an amount not in excess of the maximum. Notwithstanding the foregoing, following the annexation of any subsequent Phase to the Project pursuant to the provisions set forth in this Declaration, the maximum Annual Assessment shall be automatically increased (or decreased) for all Lots in the Project on the first day of the month following the first close of an escrow for the sale of a Lot in said subsequent Phase without any approval of the Members of the Association to the amount mutually recommended by the DRE and the VA/FHA in connection with their respective reviews and processing of the Association budget for such Phase.

Section 4. Special Assessments for Capital Improvements. In any fiscal year, the Board may not, without the vote or written assent of a majority of the voting power of the Association and a majority of the votes residing in Members, other than the Declarant, levy Special Assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Every Special Assessment shall be levied upon the same basis as that prescribed for the levying of Annual Assessments.

Section 5. Notice and Quorum For Any Action Authorized Under Sections 3 and 4. Any action authorized under Sections 3 and 4 should be taken at a special meeting of the Association called for that purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than ninety (90) days in advance of the meeting. The notice shall specify the place, day and hour of the meeting and the nature of the business to be undertaken. Said special meeting shall be conducted in accordance with the provisions of the By-Laws of the Association concerning special meetings of the Members of the Association.

Section 6. Date of Commencement of Annual Assessments: Due Dates. The Annual Assessments provided for herein shall commence as to all Lots within each Phase of the Project on the first day of the month following: (a) the first conveyance of any Lot to a bona fide purchaser; or (b) the conveyance of the Common Area Lot(s) in such Phase to the Association, whichever shall first occur. The first Annual Assessments shall be adjusted according to the number of months remaining in the fiscal year as set forth in the By-Laws. The Board shall fix the amount of the Annual Assessment against each Lot at least sixty (60) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto at least thirty (30) days in advance of each Assessment period. The due dates shall be established by the Board.

Section 7. Certificate of Payment. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the Assessments on a specified Lot have been paid. If a certificate states that Assessments have been paid, such certificate shall be conclusive evidence of such payment.

Section 8. Offsets and Waiver Prohibited. No Owner may waive or otherwise avoid liability for the Assessments provided for herein for any reason whatsoever, including, but not limited to, non-use of the Common Area or abandonment of his Lot, nor shall any Owner be entitled to any offset against any Assessment provided for herein for any reason whatsoever, including, but not limited to, any expenditure made by such Owner for or on behalf of the Association.

Section 9. Exempt Property. The following property subject to this Declaration shall be exempt from the Assessments herein:

- (a) All property dedicated to, accepted by or owned by any public authority;
- (b) All property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of California. However, no land or Improvements devoted to dwelling use shall be exempt from said Assessment; and
- (c) All Common Area.

ARTICLE VII

EFFECT OF NON-PAYMENT OF ASSESSMENTS:REMEDIES OF THE ASSOCIATION

Section 1. Effect of Non-Payment of Assessments:
Remedies of the Association. Any Annual, Special or Compliance Assessment not paid within thirty (30) days after the due date shall be deemed delinquent, shall be subject to reasonable late charges as may, from time to time, be established by the Board of the Association in accordance with Section 1725 of the California Civil Code, as the same may be amended, from time to time, and shall bear interest from the due date at ten percent (10%) per annum. The Board, for and on behalf of the Association, may commence legal action against the Owner personally obligated to pay the same, or, in the case of an Annual or Special Assessment, may foreclose the lien against his Lot. Such lien may also be foreclosed by a power of sale or other nonjudicial procedure provided for by the laws of the State of California.

Section 2. Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein, unless at least thirty (30) days has expired following the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the Office of the County Recorder of the County of San Bernardino. Said notice of claim must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include reasonable late charges as may, from time to time, be established by the Board of the Association in accordance with California law, interest on the unpaid Assessment at ten percent (10%) per annum, plus reasonable attorneys' fees and expenses of collection incurred in connection with the debt secured by said lien), and the name and address of the claimant. The notice shall be signed and acknowledged by the President, or Vice President, and the Secretary, or Assistant Secretary, of the Association. The lien provided for herein shall be in favor of the Association, shall be for the benefit of all other Owners and shall secure payment of all sums set forth in the notice of lien, together with all sums which shall become due and payable in accordance with this Declaration after the date of recordation of said notice of lien. The lien shall continue until fully paid or otherwise satisfied.

Section 3. Foreclosure Sale. Any foreclosure sale provided for above is to be conducted by the Board, its attorney or other persons authorized by the Board in accordance with the provisions of Sections 2924, 2924a, 2924b and 2924c of the California Civil Code, applicable to the exercise of powers of sale

in Mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Lot at a foreclosure sale, and to acquire, hold, lease, mortgage and convey the same.

Section 4. Curing of Default. Upon the timely curing of any default for which a notice of claim or lien was filed by the Association, the officers thereof are hereby authorized to file or record, as the case may be, an appropriate release of such notice upon payment by the defaulting Owner of a fee to be determined by the Association but not to exceed Twenty-Five Dollars (\$25.00) to cover the costs of preparing and filing or recording such release.

Section 5. Cumulative Remedies. The Association's remedies for nonpayment of Assessments, including, but not limited to, an action to recover a money judgment, Assessment lien and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any other rights and remedies which the Association and its assigns may have hereunder or at law.

ARTICLE VIII USE RESTRICTIONS

The Lots and Common Area shall be occupied and used only as follows:

Section 1. Private Single Family Dwelling. Each Lot shall be used as a private dwelling for a single family and for no other purpose, except such temporary uses as shall be permitted by Declarant while the Project is being developed and Lots are being sold by Declarant; provided, however, that Declarant reserves the right, for a period of three (3) years from recordation hereof or until all Lots in the Project are sold (and escrows closed), whichever shall first occur, to carry on normal sales activity on the Project, including the operation of models and a sales office, provided Declarant shall not unreasonably interfere with any other Owner's use of the Common Area.

Section 2. Occupancy Requirements. Each Lot or Condominium in the Project shall be occupied only by: (a) a person fifty-five (55) years of age or over ("Permissible Occupant"); (b) a spouse, regardless of age, residing with his or her spouse, provided that the spouse is a Permissible Occupant; and (c) the individual or individuals, regardless of age, residing with and providing physical or medical support to a Permissible Occupant. The foregoing occupancy restrictions shall not be construed to prohibit any occupant from entertaining guests and invitees of any age in a Lot or Condominium, provided that such occupancy shall be for a period not to exceed thirty (30) days. Guests over fifty-five (55) years of age shall be exempt from this provision.

Section 3. Common Area Use. Use of the Common Area shall be subject to the provisions of this Declaration and to any additional limitations imposed by the Association.

Section 4. Conduct Affecting Insurance. Nothing shall be done or kept in any Lot or in the Common Area which will increase the rate of insurance on the Common Area without the approval of the Association. No Owner shall permit anything to be done or kept in his Lot or in the Common Area which will result in the cancellation of insurance on the Common Area or which would be in violation of any law. If, by reason of the occupancy or use of said premises by the Owner, the rate of insurance to the Common Area shall be increased, the Owner shall become personally liable for the additional insurance premiums.

Section 5. Liability for Damage to the Common Area. Each Owner shall be liable to the Association, pursuant to the laws of the State of California, for any and all costs and expenses which may be incurred by the Association to repair any damage to the Common Area which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family, tenants, lessees or contract purchasers, or their respective guests or invitees, whether minor or adult. After approval by a majority of the Board, any such costs and expenses shall be levied by the Board as a Compliance Assessment against such Owner's Lot.

Section 6. Signs. Subject to the provisions of California Civil Code, Sections 712 and 713, no sign of any kind shall be displayed to the public view on or from any Lot or the Common Area without the approval of the Association, except such signs as may be used by Declarant for a period of time not to exceed three (3) years from recordation hereof in connection with the development of the Project and sale of Lots, and except one (1) "for sale," "for lease" or "for exchange" sign of reasonable size, but in no event to exceed six (6) square feet, on any Lot. All signs permitted under this Section shall conform with the County's sign ordinance, if any, and with all applicable governmental regulations.

Section 7. Maintenance of Animals Within the Project. No animals of any kind shall be raised, bred or kept in any Lot or in the Common Area, except one (1) common household pet, including a dog, cat or bird, may be kept in each Lot; provided, however, that no animal shall be kept, bred or maintained for any commercial purpose. Each Owner shall be responsible for cleaning up any excrement or other unclean or unsanitary condition caused by said animal on the Common Area. All animals belonging to Owners, tenants or guests must be kept within an enclosed fence or patio, or on a leash being held by a person capable of controlling the animal. The Association, upon the approval of two-thirds

(2/3) of the Board, shall have the right to prohibit maintenance of any animal within the Project which constitutes a private nuisance to any other person. Every person bringing an animal upon or keeping an animal in the Project shall be liable pursuant to the laws of the State of California to each and all persons for any injury or damage to persons or property caused by such animal.

Section 8. Quiet Enjoyment. No Owner shall permit or suffer anything to be done or kept upon such Owner's Lot which will obstruct or interfere with the rights of quiet enjoyment of the other occupants, or annoy them by unreasonable noises or otherwise, nor will any Owner commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. Each Owner shall comply with all of the requirements of the Board of Health and of all other governmental authorities with respect to said premises, and shall remove all rubbish, trash and garbage from his Lot. All clotheslines, refuse containers, woodpiles, storage boxes, tools and equipment shall be prohibited from any Lot unless obscured from view by a fence or appropriate screen approved by the Architectural Control Committee provided for hereinbelow.

Section 9. Structural Changes. There shall be no structural alteration, construction or removal of any Residence, fence or other structure whatsoever in the Project without the prior written approval of the Board or its designated Architectural Control Committee, as required herein, except such works of construction by Declarant during the development of the Project.

Section 10. Improvements. There shall be no construction, alteration or removal of any Improvement in the Project (other than those repairs or rebuilding permitted under the Article entitled "Damage or Destruction to the Common Area") without the approval of the Architectural Control Committee as set forth hereinbelow. No Improvement shall be constructed upon any portion of any Common Area other than such Improvements as shall be constructed (a) by the Declarant (or a person or entity to whom Declarant assigns its rights as developer), or (b) by the Association as provided herein.

Section 11. Windows. No window in any Residence shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, tint or any other material reasonably deemed inappropriate for such use by the Association.

Section 12. Commercial Activity. No professional, commercial or industrial operations of any kind shall be conducted in or upon any Lot or the Common Area, except such temporary operations as may be approved by a majority of a quorum of the Association, and such temporary uses as shall be permitted by

Declarant while the Project is being constructed and Lots are being sold by the Declarant.

Section 13. Parking. Except in such areas as designated by Declarant and the Board, no Owner of a Lot in the Project shall park, store or keep any vehicle except wholly within his carport. No Owner shall park, store or keep any large commercial type vehicle, any recreational vehicle (including, but not limited to, any camper, motorhome, trailer, boat trailer, mobile home or other similar vehicle, boat or aircraft) or any vehicle other than a private passenger vehicle on any portion of the Common Area. No Owner shall conduct major repairs or major restorations of any motor vehicle of any kind whatsoever in his carport or upon the Common Area, except for emergency repairs thereto and then only to the extent necessary to enable movement thereof to a proper repair facility. Each Owner shall maintain his carport such that it is readily available for parking. In any event, all vehicles shall be parked in compliance with applicable County ordinances.

Section 14. Regulation of Parking. The Association, through its officers, committees and agents, is hereby empowered to establish "parking" and "no parking" areas within the Common Area in accordance with Section 22658 of the California Vehicle Code, or any similar statute hereafter enacted, as well as to enforce these parking limitations by all means lawful for such enforcement, including the removal of any violating vehicle by those so empowered.

Section 15. Guest Parking. Subject to the provisions of this Declaration and the Rules and Regulations of the Association, all open parking spaces within the Common Area shall be permanently maintained and available on a first-come, first-served basis to all guests and invitees of Owners.

Section 16. Compliance With Management Documents. All Owners shall be Members of the Association and shall comply with the terms and conditions as set forth herein and in the Articles and the By-Laws, and any Rules and Regulations of the Association. No Owner shall transfer any membership or interest in the Association, except upon the transfer of the Lot to which it is appurtenant.

Section 17. Declarant's Improvements. Nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to complete construction of any Improvements to the Common Area and/or to any Lot 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 under this Declaration may be assigned by Declarant to any successor to all or any part of Declarant's interest in the Project, as developer, by an express

assignment incorporated in a recorded deed transferring such interest to such successor.

Section 18. Air Conditioners. No Owner shall install an air conditioning unit or replace the existing unit without the prior written approval of the Architectural Control Committee, which shall have the right to approve or disapprove the size, shape, noise level and proposed location of such air conditioning unit.

Section 19. Solar Heating. No Owner shall install any solar energy collection panels or similar equipment without the prior written approval of the Architectural Control Committee, which shall have the right to approve or disapprove the size, shape, color, materials, construction or location of such panels or equipment.

Section 20. Antennas. No Owner shall install, or cause to be installed, any television, radio, "Citizens Band" (C.B.) antenna, satellite dish or other similar electronic receiving or broadcasting device on any portion of the exterior of any Residence.

Section 21. Leasing. With the exception of a lender in possession of a Lot following (a) a default in a first Mortgage, (b) a foreclosure proceeding, or (c) a conveyance or other arrangement in lieu of foreclosure, no Owner shall be permitted to rent or lease his Lot for transient or hotel purposes or for a period of less than thirty (30) days. No Owner may rent or lease less than the entire Lot. All rental and lease agreements shall be in writing and shall provide that the terms of such agreement shall be subject in all respects to the provisions of this Declaration, By-Laws and Articles, and that any failure by the tenant or lessee to comply with the terms of such documents shall constitute a default under such agreement. Other than the foregoing, there are no restrictions on the right of an Owner to rent or lease his Lot.

Section 22. Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot or the Common Area, nor shall oil wells, tanks, tunnels or mineral excavations be permitted upon or in any Lot or the Common Area. No derrick or other structure designed for use in boring for oil, water or natural gas shall be erected, maintained or permitted upon any Lot.

Section 23. Trash. No rubbish, trash, garbage or other waste material shall be kept or permitted upon any portion of the Project, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Project, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occu-

pants. Such containers shall be exposed to the view of neighboring Lots only when set out for a reasonable period of time (not to exceed twenty-four [24] hours before and after scheduled trash collection hours). If trash bins are located in the Common Area, all Owners shall utilize such trash bins for the disposal of their trash. There shall be no outdoor fires whatsoever, except barbeques contained in appropriate receptacles therefor.

Section 24. Drainage. There shall be no interference with the established drainage pattern over any Lot within the Project as to affect any other Lot or the Common Area, unless adequate alternative provision is made for proper drainage and is approved in writing by the Architectural Control Committee. For purposes hereof, "established" drainage is defined as the drainage which exists at the time such Lot is conveyed to a purchaser from Declarant, or later grading changes that are shown on plans approved by the Architectural Control Committee.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. Architectural Control; Master Association.

No person, persons, entity or entities shall install, erect, attach, apply, paste, hinge, screw, nail, build or construct any Improvement, including, without limitation, solar heating panels, lighting, shades, screens, awnings, patio covers, decorations, fences or air conditioning units, or change or otherwise alter the exterior of any Residence until there has been full compliance with the provisions of the Article entitled "Architectural Control" as set forth in the Master Declaration. For purposes of this Section, the term "exterior" shall mean any outside wall, outside surface, roof, outside door, patio, entry, balcony, carport or other outside surface or structure of a Residence. Further, no structural alterations or modifications to the interior of a Residence or installations located therein which might have a material effect on another or other Residences shall be commenced until there has been full compliance with the provisions of the above-referenced Article. As used herein, the term "Architectural Committee" shall mean the Architectural Committee established in the Master Declaration.

Section 2. Present Construction Exempt. Notwithstanding the provisions of Section 1, Declarant need not seek approval for, and the Architectural Committee shall have no authority over, Declarant's development and construction activities until the close of escrow for the sale of the last Lot in the Project by Declarant.

Section 3. Control in Association. The Board may promulgate procedures for establishing regulations as it deems to

be appropriate and as are not in conflict with the Article entitled "Architectural Control" of the Master Declaration.

Section 4. Solar Equipment. An Owner, at his sole cost and expense, may install solar equipment. The plans and specifications for such installation shall require the approval of the Board, in addition to the approval of the Architectural Committee as provided in the Master Declaration.

Section 5. Procedures for Approval. For any approvals required by this Article, the procedures used by the Architectural Committee shall be adopted by the Master Association Board of Directors. Such adopted procedures will outline procedures for submitting plans and specifications, approval of and conformity to such plans and specifications, time limitations for completion of Improvements in compliance with the approved plans and specifications, and determining which such plans and specifications shall be deemed approved. Plans and specifications are not approved for engineering design, and by approving such plans and specifications, neither the Master Association Board, the members thereof, the Association, the Association Board and the members thereof, nor Declarant assumes liability or responsibility therefor, or for any defect in the structure constructed from such plans and specifications. Owners shall be solely responsible for the cost of maintaining and repairing Improvements made in accordance with this Article.

ARTICLE X COMMON WALLS

Section 1. Introduction. Each Owner has a vested interest in the continued maintenance and repair of the system of "Common Walls" within the Project. For purposes of this Article, "Common Wall" shall mean and refer to any fence or wall, or portion thereof, which is located substantially parallel to and within approximately two feet (2') of the boundary line separating two (2) Residential Lots and which serves as the boundary between said Lots, including, but not limited to, a wall, or portion thereof, which comprises a part of any Residence. "Common Wall" shall not, however, mean or refer to any fence or wall, or portion thereof, which serves as a boundary between a Residential Lot and any Common Area Lot. Each Owner's rights and obligations with respect to the Common Walls is set forth hereinbelow.

Section 2. Ownership of Common Walls. Ownership of each Common Wall, or portion thereof, shall be vested in the Owner of the Lot upon which the Common Wall, or portion thereof, is located. Notwithstanding said vesting of ownership, the rights and obligations of the Owners with respect to the use, enjoyment, maintenance and repair of the Common Walls shall be as set forth hereinbelow.

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Section 3. Maintenance of Common Wall Surfaces. The Association shall be responsible for the painting and maintenance of the exterior of all Residences in the Project, as more fully set forth in that Article herein entitled "Repair and Maintenance." Each Owner shall maintain the side of any fence or wall, or portion thereof, which faces his Lot in a neat, clean, safe, sanitary and attractive condition at all times, and shall bear all costs thereof. Each Owner may landscape, in a neat and attractive way, the side of any exterior Common Wall, or portion thereof, which faces his Lot, and may paint, wallpaper, panel or similarly decorate the interior of any Common Wall, or portion thereof, which comprises a portion of such Owner's Residence or patio. No Owner shall drive nails, screws, bolts or other objects more than half way through any Common Wall, interfere with the adjacent Owner's use and enjoyment of the Common Wall, or impair in any way the structural integrity of the Common Wall.

Section 4. Structural Maintenance of Common Walls. The structural maintenance of Common Walls shall include, but not be limited to, such repair, restoration and/or periodic replacement as is reasonably necessary to maintain the Common Walls in a neat, safe and structurally sound condition at all times. Where a Common Wall, or portion thereof, comprises a portion of one (1) Residence only, it shall be the obligation of the Owner of such Residence to structurally maintain such Wall, or portion thereof, and to bear all costs thereof. Where a Common Wall, or portion thereof, comprises a portion of two (2) Residences, it shall be the mutual obligation of the Owners of each such Residence to structurally maintain such Wall, or portion thereof, and to share equally in the costs thereof. Where a Common Wall, or portion thereof, does not comprise a portion of any Residence, it shall be the mutual obligation of the Owners of each of the adjacent Residential Lots to structurally maintain such Wall, or portion thereof, and to share equally in the costs thereof. Notwithstanding the foregoing, in the event any structural maintenance is required due to the willful or negligent acts or omissions of any Owner, such Owner shall bear the cost thereof.

Section 5. Easements Regarding Placement of Common Walls. There shall be a permanent easement appurtenant to the Land for the placement of all Common Walls, where such Common Walls were originally installed by Declarant, regardless of whether such Common Walls are located precisely upon the boundary separating two (2) Residential Lots. In addition, in the event a Common Wall, or portion thereof, is not located upon the actual boundary line, but is located substantially parallel to and within two feet (2') of the boundary line separating two (2) Residential Lots, such that a portion of one (1) Owner's Lot is located upon an adjacent Owner's side of the Common Wall, there shall be

a permanent easement appurtenant to the adjacent Lot on, over and across the surface of that portion of the first Owner's Lot which is located between the boundary line and the Common Wall.

Section 6. Easements for Repair of Common Walls. Each Owner of a Residential Lot shall have an easement over each adjacent Lot as reasonably necessary to allow such Owner to maintain the Common Walls in accordance with the provisions set forth herein. Such Owner shall give the Owner of the adjacent Lot twenty-four (24) hours prior notice of the work to be done, and shall perform such work during reasonable daytime hours, except in case of emergency, in which case such work may be performed at any time and without prior notice. The Owner performing the work shall use best efforts to minimize the inconvenience to the Owners of the adjacent Lots when performing the work.

Section 7. Right to Contribution. The right of any Owner to contribution from any other Owner for work performed pursuant to this Article shall be appurtenant to and shall run with the land, and shall be binding upon the Owners and their successors, assigns and grantees.

Section 8. Disputes. In the event of a dispute between the Owners of adjacent Lots with respect to any of the matters set forth in this Article, the Owner of either Lot may submit the matter to the Board, whose decision shall be binding upon the Owners of both Lots.

ARTICLE XI

REPAIR AND MAINTENANCE

Section 1. Repair and Maintenance by Association. Without limiting the generality of the statement of powers and duties contained in this Declaration, the Articles, By-Laws or any Rules and Regulations, upon the commencement of Annual Assessments on Lots in a Phase of the Project, the Association shall have the duty to accomplish the following upon the Project or other land in such manner and at such times as the Board shall prescribe:

(a) Maintain, landscape, repair, restore and replace Improvements on the Common Area in a neat, clean, safe, attractive and orderly condition at all times, including, without limitation, the following:

(1) Private driveways and adjacent street-scapes, and perimeter Project walls, if any, in a condition comparable to the condition initially approved by the County;

(2) Walkways or other pedestrian paths, and the cart paths located in the Project;

(3) Private sewer and drainage facilities and easements in accordance with requirements of the County;

(4) All Common Area lighting facilities required by the County for the purpose of illuminating the Common Area;

(5) Monument signs, if any, located on the Common Area and all mailbox structures in a condition comparable to that condition initially approved by the County; and

(6) Subject to the terms and provisions of the Article herein entitled "Common Walls," all perimeter walls and decorative fences installed, or to be installed, by Declarant on the Project, including patio fences and any other perimeter walls and fences designated in any Declaration of Annexation.

(b) Paint, maintain and repair the exterior surfaces of all Residences in the Project, including the carport structures and the exterior surfaces of patio fencing, as may be installed by Declarant;

(c) Maintain, repair and replace the roofs of the Residences, together with such subsurface roofing materials as are consistent with good roofing maintenance practice;

(d) Maintain all other areas, facilities, furniture, equipment, services or aesthetic components of whatsoever nature as may, from time to time, be requested by the vote or written consent of three/fourths (3/4) of the voting power of the Members; and

(e) Except as otherwise herein specified as being paid by individual Owners, the costs of maintenance, repair, restoration and replacement as provided in this Article, shall be Common Expenses and shall be paid out of the general fund of the Association.

Section 2. Repair and Maintenance by Owner. Except as the Association shall be obligated to maintain and repair as may be provided in this Declaration, every Owner shall:

(a) Maintain his Residence in a clean, safe and attractive condition. Such maintenance shall include, without limitation, all window glass and screens, interior building surfaces, interior walls, interior floors and flooring, all doors (including locks, latches, weather stripping and thresholds), all interior lighting fixtures of the Residence, stoppage of drains when attributable to such Owner's Residence, forced air heating and air conditioning units, air conditioning compressor and hot water heating unit serving his Residence.

(b) Maintain his patio in a neat and attractive condition, and paint the interior surfaces of all patio walls or fences.

(c) Maintain his Restricted Common Area carport in a neat, clean and safe condition at all times, such that it is readily available for parking;

(d) In the event that any Owner shall permit any improvement, which is the responsibility of such Owner to maintain, to fall into disrepair or not to be so maintained so as to create a dangerous, obstructed, unsafe, unsightly or unattractive condition, or to otherwise violate this Declaration, the Board shall have either the right to seek any remedies at law or in equity which it may have, and the right, but not the duty, after Notice and Hearing, to enter upon such Owner's Lot to make such repairs or to perform such maintenance, and the cost thereof shall be charged to the Owner. Said cost shall be a Compliance Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth in this Declaration.

Section 3. Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities or public utilities which are located within easements in the Common Area owned by such public utilities. However, the Association shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

Section 4. Damage and Destruction Affecting a Residence - Duty to Rebuild. In the event any Lot or Residence located thereon is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of such Lot or Residence to repair or reconstruct said Residence in a manner which will restore it to its condition and appearance immediately prior in time to such damage or destruction, or as otherwise approved by the Architectural Control Committee. The affected Owner shall be obligated to proceed with all due diligence hereunder, and shall be responsible for commencing reconstruction within three (3) months after the damage occurs, and completion of such reconstruction as soon as reasonably possible.

ARTICLE XII
DAMAGE OR DESTRUCTION TO
THE COMMON AREA

Section 1. Restoration of Damaged Common Area. Except as otherwise provided in Section 2 hereinbelow, damage to or destruction of all or any portion of the Common Area shall be handled in the following manner:

(a) In the event of damage to or destruction of the Common Area, and the insurance proceeds are sufficient to effect total restoration, the Association shall, as promptly as is practical, cause the Common Area to be repaired and reconstructed in a good workmanlike manner to its condition prior to such damage or destruction.

(b) If the insurance proceeds available are at least ninety percent (90%) of the estimated cost of total repair and reconstruction to the Common Area, the Association shall, as promptly as practical, cause such Common Area to be repaired and reconstructed in a good workmanlike manner to its condition prior to the damage or destruction, and the difference between the insurance proceeds and the actual cost shall be levied by the Association as a Special Assessment against each of the Lots on an equal basis.

(c) If the insurance proceeds available are less than ninety percent (90%) of the estimated cost of total repair and reconstruction to the Common Area, the Owners shall, by the written consent or vote of a majority of the Owners, determine whether (1) to restore the Common Area as promptly as practical to its condition prior to the damage or destruction, and to raise the necessary funds over and above the insurance proceeds available by levying Assessments against each of the Lots on an equal basis; or (2) to restore the Common Area in a way which utilizes all available proceeds and an additional amount not in excess of ten percent (10%) of the estimated cost of total reconstruction and repair to the Common Area, and which is assessable as provided above to all Lots, but which is less expensive than restoring the Common Area to its condition prior to the damage or destruction.

Section 2 Election by Owners Not to Restore Damaged Common Area

(a) Notwithstanding the provisions set forth in Section 1 hereinabove, in the event sixty-seven percent (67%) of the Owners, other than Declarant, and sixty-seven percent (67%) of the First Mortgagees (based upon one (1) vote for each first Mortgage owned) have given their prior written approval, the Owners may not elect to rebuild or re-

store the Common Area and to disburse the available insurance proceeds to the general fund of the Association.

(b) In the event the Owners shall have so voted not to rebuild the Common Area, the Common Area shall be cleared and landscaped and the cost thereof shall be paid for out of the available insurance proceeds prior to their distribution to the general fund of the Association.

(c) In the event the Owners shall have so voted not to rebuild the Common Area, unless the County shall agree to the contrary, it shall be the obligation of the Association and each of the Owners to rebuild the private drives, utilities and open spaces, at least to the extent said drives, utilities and open spaces were accepted initially by the County in lieu of payment of fees due pursuant to law.

Section 3. Retention of Excess Insurance Proceeds in General Fund. In the event any excess insurance proceeds remain after restoring the destroyed Common Area pursuant to this Article, the Board shall retain such sums in the general fund of the Association.

Section 4. Notification by Association of Defects. The Board agrees that in the event of any alleged defect in any improved Common Area for which the Association alleges that Declarant may be responsible, the Board will provide Declarant with written notice of such defect and will grant Declarant a reasonable opportunity to repair, replace or otherwise cure such defect. The Association agrees that Declarant, or its authorized agents, and not the Association, shall determine the material and methods to be used in effecting such repair, replacement or cure. In accordance with the condition described in the preceding sentence, the Association agrees to provide Declarant, or its authorized agents, a reasonable opportunity to repair or replace any defective material or workmanship upon the Association's discovery of the same. The Association agrees, absent such reasonable opportunity, that Declarant shall not be liable to the Association for any damage, cost, diminution in value or other claim resulting from any defect in the property, whether structural, in workmanship, in material or otherwise.

ARTICLE XIII

CONDEMNATION

Section 1. Distribution of Awards - Common Area. A condemnation award affecting all or any portion of the Common Area shall be remitted to the general fund of the Association.

Section 2. Board of Directors as Attorney-in-Fact. All Owners, with the exception of the Administrator of Veterans Affairs, an Officer of the United States of America, hereby appoint the Board as their special attorney-in-fact to handle the negotiations, settlements and agreements pertaining to any condemnation affecting only the Common Area.

ARTICLE XIV

COVENANT AGAINST PARTITION

Section 1. 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, unless the Project (a) has been in existence in excess of fifty (50) years, (b) is obsolete and uneconomical, and (c) the Owners of fifty percent (50%) of the total of all Lots in the Project join in such action for partition.

ARTICLE XV

INSURANCE

Section 1. Required Insurance Coverage. The Association, acting by and through the Board, shall obtain for the Association and shall maintain and pay the premiums for the following insurance coverages:

(a) Casualty and Fire Insurance. A policy or policies of casualty and fire insurance with extended coverage endorsement for the full replacement value (without deduction for depreciation) of the Common Area and the Lots, together with all Improvements, including, without limitation, the Residences constructed thereon, but excluding the Owners' personal property. Said policies shall be maintained for the benefit of the Association, the Owners and their respective Mortgagees, as their interests may appear.

(b) Public Liability Insurance. A policy or policies of full coverage public liability insurance (with cross-liability endorsement, if obtainable) insuring the Association, the Board, the Owners, the Declarant, and the agents and employees of each of the foregoing against any liability to the public or to any Owner, his family, invitees and/or tenants, arising from or incident to the ownership, occupation, use, maintenance and/or repair of the Com-

mon Area, the Restricted Common Area and the Lots. The limits of liability under this Section shall be set by the Board and shall be reviewed at least annually by the Board, and increased or decreased at the discretion of the Board; provided, however, that said limits shall not be less than One Million Dollars (\$1,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence; and provided further, that if the Federal Home Loan Mortgage Company (FHLMC) and/or the Federal National Mortgage Association (FNMA) participate in the financing of Lots in the Project, said limits shall not be less than the minimum limits required under the then current FHLMC and/or FNMA regulations.

(c) Fidelity Bonds. Officers' and Directors' errors and omissions insurance, and fidelity bonds naming all persons signing checks or otherwise possessing fiscal responsibilities on behalf of the Association, including, but not limited to, officers, Directors, trustees and employees of the Association, and officers, employees and agents of any management company employed by the Association who handle or are responsible for the administration of Association funds. Such coverage shall be in an amount deemed reasonably appropriate by the Association, but shall not be less than the estimated maximum funds, including reserves in the custody of the Association, or twenty-five percent (25%) of the estimated annual operating expenses of the Project, including reserves, whichever is greater.

Section 2. Optional Insurance Coverage. The Association, acting at its option and by and through the Board, may purchase such other insurance as it may deem necessary or appropriate, including, but not limited to, earthquake insurance, flood insurance, Workers' Compensation Insurance and plate glass insurance.

Section 3. Notice of Cancellation of Insurance. All policies of insurance maintained by the Association pursuant to this Article shall contain a provision that coverage under said policies may not be cancelled, terminated, allowed to expire by their own terms, or be substantially modified by any party without at least thirty (30) days' prior written notice to the Board, to each Owner, and to such first Mortgagees who have filed written requests with the Association for such notice. A list of the Owners and such first Mortgagees shall be made available by the Association to the insurance carrier upon request.

Section 4. Review of Coverage. The Board shall annually determine whether the amounts and types of insurance coverage that it has obtained pursuant to this Article shall provide adequate coverage for the Project, based upon the then current

construction costs, insurance practices in the area in which the Project is located, and all other factors which may indicate that either additional insurance coverage or increased coverage under the existing policies is necessary or desirable to protect the interests of the Association, the Owners and their respective Mortgagees. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain same.

Section 5. Waiver by Owners. As to all policies of insurance maintained by the Association which will not be voided or impaired thereby, each Owner hereby waives and releases all claims against the Association, the Board, the Declarant, and the agents and employees of each of the foregoing, and all other Owners with respect to any loss covered by such insurance, whether or not caused by the negligence of, or breach of, any agreement by said persons, but only to the extent of the insurance proceeds received in compensation for such loss.

Section 6. Premiums, Proceeds and Settlement. Insurance premiums for all blanket insurance coverage and any other insurance coverage which the Board has determined is necessary to protect the interests of the Association, the Owners and their respective Mortgagees, shall be a Common Expense to be included in the Annual Assessments levied by the Association. All insurance proceeds paid to the Association shall be disbursed as follows: (a) in the event of any damage or destruction to the Common Area, such proceeds shall be disbursed in accordance with the provisions of the Article herein entitled "Damage or Destruction to the Common Area"; and (b) in the event of any other loss, the proceeds shall be disbursed as the Board shall deem appropriate subject to the limitations set forth in the Article herein entitled "Mortgagee Protection." The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. A majority of the Board must sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and its Members.

Section 7. Rights and Duties of Owners to Insure. Each Owner may obtain insurance on his personal property and all other Improvements located on his Lot. Nothing herein shall preclude any Owner from carrying any public liability insurance as he may deem desirable to cover his individual liability for damage to person or property occurring inside his individual Lot or elsewhere upon the Project. If obtainable, such liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Association, the Board, their agents and employees, and all other Owners. Such other policies shall not adversely affect or diminish any liability under insurance obtained by the Association. If any loss in-

tended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 8. Trustee for Policies. The Association is hereby appointed and shall be deemed trustee for the interests of all insureds under the policies of insurance maintained by the Association. All insurance proceeds under such policies shall be paid to the Board, as trustees, and the Board shall have full power to receive such funds on behalf of the Association, the Owners and their respective Mortgagees, and to deal therewith as provided for in this Declaration.

ARTICLE XVI

MORTGAGEE PROTECTION

Section 1. Mortgagee Protection Provisions. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA), and other lenders and investors, to participate in the financing of the sale of Lots in the Project, the following provisions contained within this Article are added hereto, and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control. The Declaration, the Articles and the By-Laws for the Association are hereinafter collectively referred to in this Article as the "constituent documents."

(a) The right of an Owner to sell, transfer or otherwise convey his Lot shall not be subject to any right of first refusal or any similar restriction in favor of the Association.

(b) The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter recorded upon any Lot. The sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage or pursuant to any remedies provided for in the Mortgage shall extinguish the lien of such Assessments as to payments which became due prior thereto. No sale or transfer shall relieve such Lot from liability for Assessments due thereafter. Any first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or any purchaser at a foreclosure sale of a first

Mortgage will not be liable for unpaid Assessments or charges which accrue prior to the acquisition of title to such Lot by the Mortgagee (except for claims for a share of such Assessments or charges resulting from a reallocation of such Assessments or charges to all Lots including the mortgaged Lot).

(c) Except as provided by statute in case of condemnation or substantial loss to the Lots and/or Common Area, unless sixty-seven percent (67%) of the Owners, other than Declarant, and sixty-seven percent (67%) of the first Mortgagees (based upon one [1] vote for each first Mortgage owned) have given their prior written approval, neither the Association nor the Owners shall be entitled to:

(1) Change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner's Lot;

(2) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Common Area shall not be deemed a transfer within the meaning of this clause;

(3) Use hazard insurance proceeds for losses to the Common Area for other than repair, replacement or reconstruction;

(4) Effect any decision of the Association to terminate professional management and assume self-management of the Project, where such professional management was previously a requirement by a holder, insurer or guarantor of any first Mortgage;

(5) By act or omission, change, waive or abandon any provisions of this Declaration, or enforcement thereof, pertaining to architectural design of the Residences situated on a Lot or the maintenance and operation of the Common Area within the Project, including, without limitation, sidewalks, fences, driveways and landscaping within the Project;

(6) Fail to maintain fire and extended coverage on the insurable Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value thereof; and

(7) Abandon or terminate the Association, except for abandonment, partition or termination as may be provided by law.

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

(e) No provision of the constituent documents shall be interpreted to give any Owner or any other party priority over any rights of the first Mortgagee in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of all or any portion of the Common Area or such Owner's Lot. All applicable fire and casualty insurance policies contain loss payable clauses acceptable to each Mortgagee, naming the Mortgagees, as their interests appear, as additional insureds.

(f) The Assessments provided for in the constituent documents shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Common Area that must be replaced on a periodic basis, and shall be payable in regular installments rather than by Special Assessments.

(g) Each holder, insurer or guarantor of a first Mortgage who has filed with the Association a written request for notice shall be entitled to timely written notice of: (1) any condemnation or eminent domain proceeding, and any loss or taking resulting from such proceeding which affects the Project, or any portion thereof; (2) any substantial damage or destruction to the Project, or any portion thereof, when such loss exceeds Ten Thousand Dollars (\$10,000.00); (3) any default in the performance by an individual Owner of any obligation under the constituent documents, including, without limitation, the nonpayment of Assessments, which is not cured within sixty (60) days after the Association learns of such default, which notice shall state the length of time which such Owner has been delinquent; (4) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (5) any abandonment or termination of the Project; and (6) any proposed action that requires the consent of a specified percentage of eligible Mortgagees.

(h) Any agreement for professional management of the Project, or any contract providing for services of the Declarant, may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on thirty (30) days' written notice.

(i) First Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and

which may have become a lien on the Common Area, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Upon demand by any first Mortgagee, the Board shall execute, on behalf of the Association, an agreement establishing the right of all first Mortgagees to such reimbursement.

(j) A first Mortgagee of a Lot in the Project will, upon request, be entitled to: (1) examine the books and records of the Association during normal business hours; (2) receive an annual audited financial statement of the Association, and other financial data as may be distributed to the Owners, within ninety (90) days following the end of any fiscal year of the Association, if such statement has been prepared for the Association; and (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

(k) Each Owner shall notify the Association in writing within ten (10) days after the close of escrow for the purchase of his Lot of the name and address of his first Mortgagee, and thereafter, each Owner shall promptly notify the Association of any changes of name or address for his first Mortgagee.

(l) If any Lot (or portion thereof) or the Common Area (or portion thereof) is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first Mortgage on such Lot will be entitled to timely written notice of any such proceeding or proposed acquisition.

(m) In the event any portion of the Common Area encroaches upon any Lot or any Lot encroaches upon the Common Area as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Project, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 2. Violation of Mortgagee Protection Provisions. No breach of any of the foregoing covenants shall cause any forfeiture of title or reversion or bestow any right of re-entry whatsoever, but in the event that any one or more of these covenants shall be violated, the Declarant, its successors and assigns, the Association, or any Owner in the Project may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation and/or to recover damages; pro-

vided, 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. Said covenants shall be binding upon and effective against any Owner whose title is acquired by foreclosure, trustee sale or otherwise.

ARTICLE XVII

ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to and become subject to this Declaration as set forth in this Article.

Section 1. Phased Development of the Project. As set forth in Article II herein entitled "General Plan of Development," Declarant intends to develop the Project in a series of Phases, each of which may be annexed to the Project. However, Declarant is under no obligation to continue development of the Project. In addition, Declarant may elect to annex some or all future Phases in any given order and at any given time. No annexation hereunder shall be effective unless the procedures set forth in this Article have been executed.

Section 2. Annexation Pursuant to General Plan. All or any part of the real property described as Annexation Property in the Article herein entitled "Definitions," may be annexed to the Property and added to the scheme of this Declaration and be subjected to the jurisdiction of the Association without the assent of the Association or its Members, provided and on condition that:

(a) Any annexation pursuant to this Section shall be made prior to three (3) years from the date of the original issuance by the DRE of the most recently issued Final Subdivision Public Report for a Phase of the Project;

(b) The development of the Annexation Property shall be in substantial conformance with the overall general plan of development for the Project originally submitted to and approved by the County, the DRE and the VA/FHA, with the processing papers for the Project; further, detailed plans for the development of each Phase shall have been submitted to and approved by the VA/FHA, prior to its annexation; and

(c) A Declaration of Annexation, as described in Section 4 of this Article, shall be recorded covering the Annexation Property.

Section 3. Annexation Pursuant to Approval. Upon obtaining the approval in writing of the Association pursuant to the vote or written assent of sixty-seven percent (67%) of the total votes residing in the Association Members, other than the Declarant, the owner of any property who desires to annex said property to the scheme of this Declaration and to subject it to

the jurisdiction of the Association may file or record a Declaration of Annexation, as described in Section 4 of this Article.

Section 4. Declaration of Annexation. The annexation of additional property authorized under this Article shall be made by filing of record a Declaration of Annexation, or similar instrument, covering said additional property, and the Declaration of Annexation shall expressly provide that the scheme of this Declaration shall extend to such additional property. The Declaration of Annexation may contain such complementary additions to and modifications of the covenants set forth in this Declaration which are necessary to reflect the different character, if any, of the annexed property and which are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Declaration of Annexation shall add, delete, revoke, modify or otherwise alter the covenants set forth in this Declaration.

Section 5. Effective Date of Annexation. Notwithstanding anything to the contrary herein, any annexation pursuant to the provisions of this Article shall be effective only upon the close of escrow for the sale of the first Lot in a Phase of the Project which has been annexed.

Section 6. Amendments to Declarations of Annexation. Notwithstanding any other provisions in this Declaration to the contrary, a Declaration of Annexation may be amended by the requisite affirmative vote of Members (and first Mortgagees, if applicable), as set forth in the Article herein entitled "General Provisions," in only the annexed property described in said Declaration of Annexation, rather than all Members (and first Mortgagees, if applicable) in the Project, on the following conditions: (a) such amendment applies only to the annexed property described in said Declaration of Annexation; and (b) such amendment shall in no way contradict, revoke or otherwise alter any of the covenants set forth in this Declaration.

Section 7. Right of De-Annexation. Declarant hereby reserves the right to de-annex any property which may be annexed to the Property pursuant to this Declaration and to delete said property from the scheme of this Declaration and from the jurisdiction of the Association, provided and on condition that the de-annexation shall be made prior to the closing of the sale of the first Lot in the property to be de-annexed, and a draft of the Revocation of Declaration of Annexation has been submitted to and approved by the VA/FHA.

ARTICLE XVIII

ENFORCEMENT OF BONDED OBLIGATIONS

Section 1. Enforcement of Bonded Obligations. In the event that the improvements of the Common Area have not been completed prior to the issuance of a Final Subdivision Public Report by the DRE, and the Association is obligee under a bond or other arrangement (hereinafter referred to as the "Bond") to secure a performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

(a) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvements for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for such improvements in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

(b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the By-Laws dealing with meetings of the Members, but in any event, such meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) of the total voting power of the Association.

(c) The only Members entitled to vote at such meeting of Members shall be the Owners, other than Declarant. A vote at such meeting of a majority of the voting power of such Members, other than the Declarant, to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XIX

RELATIONSHIP TO MASTER ASSOCIATION

Section 1. Annexation. Each and all Phases of the Project shall be annexed to and become subject to the Master Declaration, in accordance with the procedures for annexation to the Master Association as set forth in the Master Declaration.

Section 2. Membership in Master Association. Each Owner within the Project shall become an "Owner" as that term is defined in the Master Declaration, and shall automatically become a "Member" of the Master Association as set forth in the Master Declaration.

Section 3. Obligation for Assessments Levied by the Master Association. Each Owner shall be obligated to pay such Assessments as may be levied by the Master Association. The Annual Assessments shall commence as to all Lots annexed to the Master Association on the first day of the month following the close of escrow for the sale of the first Lot in the Project to a bona fide purchaser.

Section 4. Easement in Favor of Master Association. In the event that the Association shall fail to perform its duties hereunder, including, without limitation, maintenance of the exterior of Residences or the Common Area, the Master Association shall have the right, but not the duty, to cause such maintenance to be performed and levy a Compliance Assessment upon all Owners in the Association for reimbursement of all costs incurred.

Section 5. Delegate District. Pursuant to the Article in the Master Declaration entitled "The Master Association," the Project is hereby established as Delegate District No. 2 of the Master Association. All of the real property described in paragraph A of the recitals to this Declaration, together with all real property hereinafter annexed to the Property pursuant to the applicable provisions of this Declaration, shall constitute such Delegate District No. 2.

ARTICLE XX

GENERAL PROVISIONSSection 1. Enforcement.

(a) The Association or the Owner of any Lot in the Project, including the Declarant, shall have the right to enforce by proceedings at law or in equity all of the covenants now or hereafter imposed by this Declaration and the By-Laws, respectively (and the Rules and Regulations duly adopted by the Association), including, without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied and/or to recover damages for said violation.

(b) The result of every act or omission whereby any of the covenants contained in this Declaration or the provisions of the By-Laws are violated, in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance shall be applicable against every such result and may be exercised by any Owner, by the Association or by its successors in interest.

(c) The remedies herein provided for breach of the covenants contained in this Declaration or the provisions of the By-Laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association or any Owner to enforce any of the covenants contained in this Declaration or the provisions of the By-Laws shall not constitute a waiver of the right to enforce the same thereafter.

(e) A breach of the covenants contained in this Declaration or of the provisions of the By-Laws shall not affect or impair the lien or charge of any bona fide Mortgage or deed of trust made in good faith and for value on any Lot; provided, however, that any subsequent Owner of such property shall be bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale or otherwise.

(f) The Board, for and on behalf of the Association, may assess monetary penalties against an Owner as a Compliance Assessment and/or temporarily suspend said Owner's voting rights and right to use the recreational facilities, if any, for the period during which any Assessment against said Owner's Lot remains unpaid; provided, however, the requirements for Notice and Hearing set forth in the By-Laws shall be followed with respect to the accused Owner before a decision to impose discipline is reached.

(g) The Board, for and on behalf of the Association, may temporarily suspend an Owner's voting rights and right to use the recreational facilities for a period not to exceed thirty (30) days for any infraction of the Association's published Rules and Regulations; provided, however, the requirements for Notice and Hearing set forth in the By-Laws shall be followed with respect to the accused Owner before a decision to impose discipline is reached.

(h) In addition to the above general rights of enforcement, the County shall have the right, through its agents and employees, to enter upon any part of the Project for the purpose of enforcing the California Vehicle Code and its local ordinances, and is hereby granted an easement over the Project for that purpose.

Section 2. Severability. Invalidation of any one of these covenants by judgment or court order shall in no way affect any other provisions hereof, which shall remain in full force and effect.

Section 3. Term. The covenants set forth in this Declaration shall run with and bind the Project, and shall inure to the benefit of the Association and be enforceable by the Board or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners, agreeing to terminate said covenants and restrictions in whole or in part, has been recorded within one (1) year prior to the termination of the initial fifty (50) year term within one (1) year prior to the termination of any successive ten (10) year period.

Section 4. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and maintenance of the Project. The Article and Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5. Singular Includes Plural. Whenever the context of this Declaration may so require, the singular shall include the plural, and the masculine shall include the feminine and neuter.

Section 6. Amendments. This Declaration may be amended only by an affirmative vote of not less than sixty-seven percent (67%) of each class of Members. As long as there is Class B membership, any amendments to this Declaration shall require the prior approval of the VA/FBA. At such time when the Class B membership shall cease and be converted to Class A membership, any

and all amendments to this Declaration shall be enacted by requiring the vote or written assent of Members representing both: (a) sixty-seven percent (67%) of the total voting power of the Association, and (b) sixty-seven percent (67%) of the votes of Members, other than the Declarant; provided, however, that the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision. In addition, in the event that FNMA participates in the financing of Lots in the Project, the written consent of not less than sixty-seven percent (67%) of the first Mortgagees shall be required for any amendment which affects or purports to affect any of the following:

- (a) The legal status of the Project as a planned development;
- (b) Voting rights;
- (c) Assessments, including the levy and collection thereof, enforcement provisions for nonpayment and subordination of liens for nonpayment;
- (d) Responsibility for Common Area maintenance;
- (e) Reserves for maintenance, repair and replacement of Common Area;
- (f) Insurance or fidelity bonds;
- (g) Common Area use rights;
- (h) Boundaries of any Lot;
- (i) Ownership interest in Common Area;
- (j) Encroachment by Improvements into Common Area, or by Common Area into individual Lots;
- (k) Leasing of Lots;
- (l) Restrictions on alienation, including, but not limited to, rights of first refusal;
- (m) Mortgagee protection provisions as set forth in that Article hereinabove entitled "Mortgagee Protection," and such other provisions in this Declaration for which the consent of Mortgagees shall be required or which are expressly for the benefit of Mortgagees, insurers or guarantors of Mortgages; and
- (n) Annexation or de-annexation of additional property to or from the Project.

Notwithstanding the foregoing, in the event any first Mortgagee receives a written request from the Board to approve any amendment to the Declaration, and such first Mortgagee does not deliver a negative response in writing to the Board within thirty (30) days of the mailing of such request by the Board, such first Mortgagee shall be deemed to have approved such proposed amendment. This amendment provision shall not be amended to allow amendments by less than the percentages set forth hereinabove. An

amendment made in accordance with the provisions set forth hereinabove shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment has been approved by the Membership and, where appropriate, by the first Mortgages, in the percentages set forth hereinabove and recorded in the Office of the County Recorder for San Bernardino County. Upon such recordation, the amendment shall be effective and binding upon all Owners and all Mortgagees, regardless of whether such Owner or such Mortgagee consented to such amendment.

Section 7. 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 if said encroachment occurred due to the willful conduct of said Owner.

Section 8. Notices. Any notices 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 forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Association. If such notice is not 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 Association.

Section 9. Attorneys' Fees. If any Owner defaults in making a payment of Assessments or in the performance or observance of any provision of this Declaration, and the Association has obtained the services of an attorney in connection therewith, the Owner covenants and agrees to pay to the Association any costs or fees incurred, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted. In case a suit is instituted, the prevailing party shall recover the cost of the suit, in addition to the aforesaid costs and fees.

Section 10. Property Exemption. All public property within the Project shall be exempt from the provisions of this Declaration.

Section 11. Additional Covenants in Favor of the VA/FHA. So long as there is Class B membership in the Association, the following actions shall require the prior approval of the VA/FHA: annexation of additional property, mergers and con-

solidations, any Special Assessments and any amendment to this Declaration.

IN WITNESS WHEREOF, Declarant has executed this instrument on the day and year first above written.

"DECLARANT"

Gary A. Ledford

GARY A LEDFORD,
a married man, as his sole and
separate property

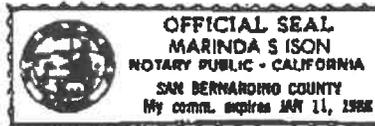
85-307789

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Bernardino)

On October 5, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared GARY A. LEDFORD, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Marinda S Ison
Signature of Notary Public



(SEAL)

EXHIBIT "A"

LEGAL DESCRIPTION OF ANNEXATION PROPERTY

All that certain real property in the unincorporated area of the County of San Bernardino, more commonly known as "Apple Valley," State of California, more particularly described as:

Lots 28 through 67, inclusive, and Lots G and I of Tract 12796-2, as shown on a Map recorded in Book 181, Pages 96 to 100, inclusive, of Maps in the Office of the County Recorder of San Bernardino County; and

Lots 146 through 173, inclusive, and Lot Q of Tract 12796-4, as shown on a Map recorded in Book 182, Pages 5 to 8, inclusive, of Maps in the Office of the County Recorder of San Bernardino County.

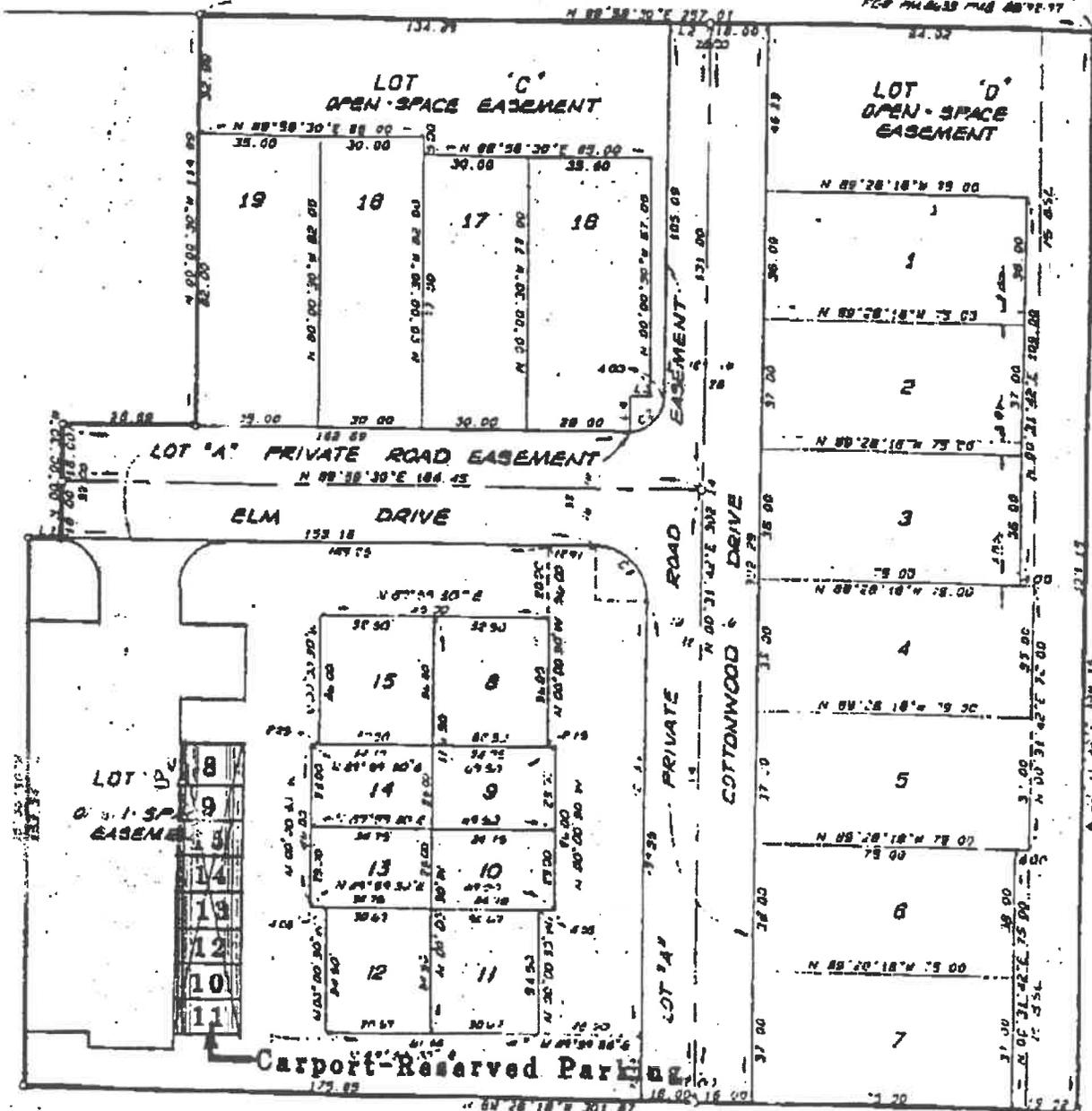
85-307789

TRACT NO. 12796-1

BEING A SUBDIVISION OF A PORTION OF PARCEL NO. 2 OF PARCEL MAP NO. 8633 AS PER PLAT RECORDED IN P.M.B. 88 PAGES 82 TO 87 IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
LUDWIG ENGINEERING
OCTOBER, 1984

SCALE 1" = 30'

EA 1111 TAGGED PCA 13441
PCA 114633 PMS 8878-97



CONSENT OF LIENHOLDER AND
SUBORDINATION OF LIEN

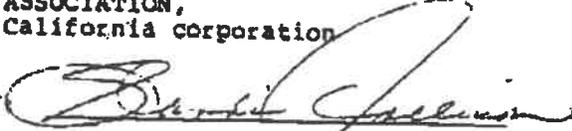
The undersigned beneficiary under that certain Deed of Trust recorded on March 13, 1985, as Instrument No. 85-057585, Official Records of San Bernardino County, California, agrees that the lien of the Deed of Trust shall be junior and subordinate and subject to the attached Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Cedarbrook North.

DATED: November 14, 1985

"LIENHOLDER"

ANTELOPE VALLEY SAVINGS AND LOAN
ASSOCIATION,
a California corporation

BY



Its: Vice President

BY:



Its: Vice President

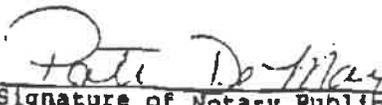
STATE OF CALIFORNIA)
) ss.
COUNTY OF Los Angeles)

On November 14, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared _____

Sandi Collison and R.E. Tremaine personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as Vice President and Vice President

on behalf of ANTELOPE VALLEY SAVINGS AND LOAN ASSOCIATION, the corporation therein named, and acknowledged to me that said corporation executed the within instrument pursuant to its By-Laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.


Signature of Notary Public



Cedarbrook North HOA

BALANCE SHEET

Year End: December

As Of: 03/31/2018

ASSETS		
	CURRENT OPERATING ASSETS	
10100	Checking - Union xxxxxx7053	\$70,210.14
10101	Less checks not released	\$(15,370.00)
	Total CURRENT OPERATING ASSETS	\$54,840.14
	CURRENT RESERVE ASSETS	
10300	Savings - Union xxxxxx7813	\$229,115.29
10400	Bdhd / Allstate annuity	\$76,072.05
	Total CURRENT RESERVE ASSETS	\$305,187.34
	Total ASSETS	<u>\$360,027.48</u>

Cedarbrook North HOA

BALANCE SHEET

As Of: 03/31/2018 Year End: December

31300	LIABILITIES		
	CURRENT LIABILITIES		
	Assmnts posted after late date	\$664.00	
37000	Prepaid Assessments	\$3,899.38	
	Total CURRENT LIABILITIES	\$4,563.38	
	RESERVES		
	See Status of Reserves	\$233,857.97	
	Total LIABILITIES	<u>\$238,421.35</u>	
	EQUITY		
45100	RETAINED SURPLUS/(DEFICIT)		
	Retained funds	\$119,429.71	
	Current Year Surplus (Deficit)	\$2,176.42	
	Total RETAINED SURPLUS/(DEFICIT)	\$121,606.13	
	Total EQUITY	<u>\$121,606.13</u>	
	Total Liabilities and Equity	<u>\$360,027.48</u>	

Cedarbrook North HOA

STATUS OF RESERVES

01/01/2018 Through 03/31/2018

Year End: December

GL No	GL Description	Monthly Budget	Beginning Balance	Deposits	Expenses	Additions	Deductions	Ending Balance
40100	Drive resurface	800.00	549.24	2,400.00	0.00	0.00	0.00	2,949.24
40110	Concrete	200.00	17,637.60	600.00	0.00	0.00	0.00	18,237.60
40200	Drives seal	435.00	(16,297.42)	1,305.00	0.00	0.00	0.00	(14,992.42)
40300	Walls/fences	50.00	2,426.18	150.00	0.00	0.00	0.00	2,576.18
40301	Block wall	50.00	5,950.00	150.00	0.00	0.00	0.00	6,100.00
40504	Roof tile	500.00	10,557.20	1,500.00	0.00	0.00	0.00	12,057.20
40565	Built up roof/house	5,202.00	12,535.16	15,606.00	0.00	0.00	0.00	28,141.16
40566	Built up roof/garage	1,500.00	25,551.00	4,500.00	0.00	0.00	0.00	30,051.00
40602	Paint house	800.00	79,829.31	2,400.00	0.00	0.00	0.00	82,229.31
40739	Paint wood/trim	84.00	32,003.00	252.00	9,200.00	0.00	0.00	23,055.00
40800	General operating	500.00	2,019.64	1,500.00	4,210.00	2,160.00	0.00	1,469.64
41100	Irrigation system	200.00	14,444.70	600.00	0.00	0.00	0.00	15,044.70
41113	Landscaping(replace)	100.00	1,282.11	300.00	0.00	0.00	0.00	1,582.11
41301	Carpport lights	10.00	6,848.07	30.00	0.00	0.00	0.00	6,878.07
41302	Sidewalk-lights	50.00	4,801.99	150.00	0.00	0.00	0.00	4,951.99
41901	Tree Trimming	1,250.00	11,135.00	3,750.00	18,320.00	0.00	0.00	(3,435.00)
43400	Plumbing	10.00	2,835.23	30.00	4,950.00	0.00	0.00	(2,084.77)
43800	Termite Woodwork	50.00	2,598.04	150.00	0.00	0.00	0.00	2,748.04
43802	Signs	100.00	4,523.50	300.00	0.00	0.00	0.00	4,823.50
43819	Utility doors	5.00	3,895.00	15.00	0.00	0.00	0.00	3,910.00
44205	Irrigation clocks	10.00	7,535.42	30.00	0.00	0.00	0.00	7,565.42
	Total Reserves:	11,906.00	232,659.97	35,718.00	36,680.00	2,160.00	0.00	233,857.97

OPERATING STATEMENT SUMMARY

Cedarbrook North HOA

01/01/2018 Through 03/31/2018

Year End: December

 Current Month Year To Date		Variance	Percent of Budget
	Actual	Budget	Actual	Budget		
INCOME						
ASSESSMENT INCOME	\$23,065.93	\$22,630.00	\$66,992.44	\$67,890.00	(\$897.56)	99
OTHER MEMBER INCOME	\$666.31	\$500.00	\$1,971.35	\$1,500.00	\$471.35	131
OTHER INCOME	\$30.92	\$0.00	\$622.90	\$0.00	\$622.90	0
Total INCOME	\$23,763.16	\$23,130.00	\$69,586.69	\$69,390.00	\$196.69	100
EXPENSES						
ADMINISTRATIVE	\$2,758.00	\$1,704.00	\$6,292.54	\$5,112.00	\$1,180.54	123
UTILITIES	\$4,254.71	\$4,250.00	\$10,887.05	\$12,750.00	(\$1,862.95)	85
INSURANCE	\$382.00	\$1,545.00	\$1,542.56	\$4,635.00	(\$3,092.44)	33
TAXES	\$0.00	\$30.00	\$0.00	\$90.00	(\$90.00)	0
CONTRACTED SERVICES	\$2,804.90	\$2,530.00	\$9,391.70	\$7,590.00	\$1,801.70	124
MAINTENANCE	\$2,978.27	\$1,165.00	\$3,578.42	\$3,495.00	\$83.42	102
PROVISION FOR RESERVES	\$11,906.00	\$11,906.00	\$35,718.00	\$35,718.00	\$0.00	100
Total EXPENSES	\$25,083.88	\$23,130.00	\$67,410.27	\$69,390.00	(\$1,979.73)	97
Net Surplus or (Deficit)	(\$1,320.72)	\$0.00	\$2,176.42	\$0.00	\$2,176.42	

Cedarbrook North Regular Session HOA-May 30, 2017

BOARD MEMBERS PRESENT:

Janet Walters	President/Treasurer	Present
Marcella (Iris) Anderson	Vice President/Secretary	Present
Ben Powell	Member At Large	Present

MANAGEMENT:

Ruth Gallarzo	Lordon Management	Present
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CALL TO ORDER:

This meeting was held in the Jess Ranch Recreation Center on May 30, 2017 and called to order by Janet Walters at 10:40 a.m.

DISCUSSIONS:

Janet Walters updated the homeowners regarding the financials status of the HOA being as followed:

Total Assets: \$290,076.04
Checking Account Balance: \$59,553.14
Total Reserves: \$177,222.29
Current Monthly Surplus (+): \$910.24
Current Yearly Surplus (+): \$9,359.53

Delinquency as of May 12, 2017 was \$10,918.01.

The Board discussed roofs; Lordon Management has contacted roofers to get cost for the roofs of the building behind the clubhouse. The Board updated the Homeowners that they had obtained bids for the Cedarbrook North sign and is in the process of reviewing and will be approving once a clarification is made on two of the bids. Janet also informed the members present that Cedarbrook currently has 56% of rentals in their HOA. Carport cleaning will still continue and homeowners and/ or renters will still have to have their vehicles moved on carport cleaning day.

Board is going to look at the large tree on Juniper and Palo Verde, Janet feels it needs to be removed but Iris and Ben think it could be saved. Saw Construction to look at sidewalk and have it repaired.

ADJOURNMENT:

This meeting was adjourned at 11:00 a.m.

Respectfully Submitted by:

Approved by:

Ruth Gallarzo
Property Manager

Cedarbrook North Board Member
Cedarbrook North Association

Cedarbrook North Regular Session HOA-March 28, 2017

BOARD MEMBERS PRESENT:

Janet Walters	President/Treasurer	Present
Marcella (Iris) Anderson	Vice President/Secretary	Present
Ben Powell	Member At Large	Present

MANAGEMENT:

Ruth Gallarzo	Lordon Management	Present
Starla Orloski	JRMA Site Office	Present

OTHERS:

Larry Colson	Jess Ranch Master Association Board President	Present
Darroll Batten	Jess Ranch Master Association Vice President	Present

CALL TO ORDER:

This meeting was held in the Jess Ranch Recreation Center on March 28, 2017 and called to order by Janet Walters at 10:40 a.m.

DISCUSSIONS:

Janet Walters updated the homeowners regarding the financials. Delinquency as of January 2017 was \$9,489.00 and delinquency as of March 2017 is \$7,265.00. Oscar of LawnMaster will be cutting down eight dead/dying Cypress trees to the ground-not stump grinding-at the utility meters for the total cost of \$300.00; Oscar of LawnMaster will be giving Janet Walters a bid to remove an Almond tree near 19050 Cottonwood. Both buildings: 19250 and 19268 Cottonwood roofs will be completed; had to pay an extra \$3,000.00 due to problems with Z bars-cost sheets were passed around for homeowners to look at in this meeting. The Board, Homeowners, and Lordon Management discussed roofs; Lordon Management is contacting "Roofs by Doug" to get cost for the roofs of the building behind the clubhouse. Larry Colson suggested Cedarbrook North to install a top and ventilation over the flat roofs so that water and sun/weather does not damage the flat roofs-would probably need a permit from the Town of Apple Valley.

The Board updated the Homeowners that they had obtained a bid for the Cedarbrook North sign but currently in process of receiving a revised bid. Cedarbrook North has to do their sign from scratch; the Brookhollow sign was refurbished.

Darroll Batten asked the Board if they have a District Delegate for Cedarbrook North; the reply was "No" not at this time.

Darroll Batten informed the Cedarbrook North Homeowners and Cedarbrook North Board of Directors that the towing signs have been installed at the four entrances of Jess Ranch Master Association Community (Brookhollow and Cedarbrook North are the sub-associations of Jess Ranch Master Association Community)-If Cedarbrook North wants vehicles towed the towing company will tow for expired tags, flat tires-vehicles being stored; the vehicles will receive three citations for the same issue and if the issue is not corrected the tow company will tow the vehicle. The Cedarbrook North Board discussed the possibility of towing vehicles that do not move their vehicles for carport cleaning-but want to know the legalities first. A Homeowner who has homes in Brookhollow and Cedarbrook North who is also on the Brookhollow Board of Directors informed that Brookhollow is going to explore other ideas regarding carport cleaning-might have the handyman sweep the Brookhollow carports. It is important that Homeowners/vehicle owners are aware that they will be paying the towing fees and any storage costs if their vehicle is towed.

Larry Colson updated the Homeowners that Jess Ranch Master Association is looking at removing trees that are damaging Jess Ranch Master Association walkways on Palo Verde Drive and looking at rock landscaping areas between the curb and the street on Palo Verde Drive-to help save water and to help prevent water from getting onto the street. Jess Ranch Master Association is looking at doing street work on Palo Verde Drive. Larry Colson and Darroll Batten related to the Cedarbrook North Board of Directors that they would like Cedarbrook North to concentrate on making sure landscaping water does not go into the streets or parking lots.

ADJOURNMENT:

This meeting was adjourned at 11:00 a.m.

Respectfully Submitted by:

Approved by:

Starla Orloski
Site Property Manager

Cedarbrook North Board Member
Cedarbrook North Association

Cedarbrook North Regular Session HOA-January 31, 2017

BOARD MEMBERS PRESENT:

Janet Walters	President/Treasurer	Present
Marcella (Iris) Anderson	Vice President/Secretary	Present
Ben Powell	Member At Large	Present

MANAGEMENT:

Donalea Bauer	Lordon Management	Absent
Ruth Gallarzo	Lordon Management	Present
Starla Orloski	JRMA Site Office	Present

CALL TO ORDER:

This meeting was held in the Jess Ranch Recreation Center on January 31, 2017 and called to order by Janet Walters at 10:32 a.m.

DISCUSSIONS:

The Board and Lordon Management informed the Homeowners that the Board voted liens on two accounts: 000510 and 000930. Janet updated the Homeowners that in the beginning of the year there was \$87,640 in the reserves and at the end of the year there was \$196,304.00 in the reserves. The Board updated the Homeowners that the total delinquencies is \$10,394.00. Lordon Management updated the Homeowners that the Cedarbrook North Board of Directors is looking at replacing the Cedarbrook Monument sign.

The Homeowner of 19191 Elm Drive informed Lordon Management that he will be renting the home. 19191 Elm Drive wants to know which carport belongs to 19191 Elm Drive. Starla says when she goes back to the office she will look it up and inform him which carport belongs to 19191 Elm Drive. Ruth is sending a copy of the reserve study to the homeowner of 19191 Elm Drive.

A Homeowner that owns units 19234 and 19236 Cottonwood asked when these unit buildings will have their roofs done. The Board and Lordon Management explained that they are doing the roofs of buildings the worst ones first and that these unit buildings will be done soon.

The Board and Lordon Management updated the Homeowners that tree trimming was done-the cost was \$14,015.00; A roof of a building was done at the cost of \$18,400.00; the common area landscaping cost is one of the high expenses and Oscar of LawnMaster will be fixing another valve-that currently the water is off in the leaking valve area until the valve is fixed. LawnMaster has been cleaning cobwebs off of buildings and salting areas that freeze due to rain and dew. The Cedarbrook North roofs have been cleaned off eight times last year at the cost of \$1,760.00 each time the roofs are cleaned off. Cedarbrook North's total income was \$292,434 and total expenses was \$290,004.00.

A Homeowner who owns homes in both Cedarbrook North and Brookhollow who is also a member of the Brookhollow Board of Directors explained that Brookhollow Association has their own Association cell phone number in which Brookhollow homeowners can leave messages for the Brookhollow Board-the cell phone number is 1-760-475-8419.

ADJOURNMENT:

This meeting was adjourned at 11:00 a.m.

Respectfully Submitted by:

Approved by:

Starla Orloski
Site Property Manager

Cedarbrook North Board Member
Cedarbrook North Association

Cedarbrook North Regular Session HOA-November 29, 2016

BOARD MEMBERS PRESENT:

Janet Walters	President/Treasurer	Present
Marcella (Iris) Anderson	Vice President/Secretary	Absent
Ben Powell	Member At Large	Present

MANAGEMENT:

Donalea Bauer	Lordon Management	Absent
Ruth Gallarzo	Lordon Management	Present
Starla Orloski	JRMA Site Office	Present

CALL TO ORDER:

This meeting was held in the Jess Ranch Recreation Center on November 29, 2016 and called to order by Janet Walters at 10:40 a.m. Janet Walters informed the Homeowners that she was mugged on Hesperia Road at her church door and her purse was taken-the area was well lit; Janet Walters explained that she was informing the homeowners so that they will be especially aware of their surroundings.

DISCUSSIONS:

The Cedarbrook North Board of Directors informed the homeowners that the Cedarbrook North Association dues will not be raised for the year 2017.

The Cedarbrook North Board of Directors informed the homeowners that the Cedarbrook North Association trees will be being trimmed next week. The Board also informed that Scott of Saw Construction had also taken care of sidewalk repairs in six locations of Cedarbrook North and repaired four pagoda lights in which he had to replace 100 feet of wiring. The Board is also looking at repairing or replacing the Cedarbrook North sign. The Board showed homeowners a picture that was taken of Cedarbrook North in the 1980(s)-the trees in the common area were very small. The Board explained to the homeowners that the Association cannot do cosmetic work right now in Cedarbrook North-only doing what is absolutely necessary and concentrating on getting roof work done in Cedarbrook North. The Board explained to the homeowners that people having A/C(s) installed-their workers are damaging the roofs of the homes in Cedarbrook North-Homeowners are to do an ACC application prior to changing out the A/C(s) and then the homeowner would receive a letter informing the homeowner that any damage caused by the work would be the Homeowner's responsibility to pay for the roof repairs; Homeowners/residents are not to sign any roof work waivers. A/Cs are not to be installed or other workers are not to be on the Cedarbrook North roof areas without prior written approval from the Cedarbrook North Board.

The Board informed the Homeowners that Oscar of LawnMaster completed sprinkler repair-repaired a line near Elm Drive for the cost of \$250.00. LawnMaster will also for the months of December 2016, January 2017, and February 2017 will come in the early morning and salt the Cedarbrook North trash areas and walkways. A Homeowner who is a homeowner in Cedarbrook North and in Brookhollow and is

also on the Brookhollow Board says Brookhollow will not have any salting done. The Cedarbrook North Board informed the homeowners that Oscar of LawnMaster will be cleaning off cobwebs from buildings in Cedarbrook North in the months of January and February (not in the patio areas) in lieu of mowing. A Homeowner suggested having the exterior of the buildings sprayed. A Homeowner who also is a homeowner of homes in Brookhollow Association and is on the Board in Brookhollow Association stated that all three buildings in Brookhollow and their courtyards were sprayed by Craigs Portable Pest Control for the cost of \$250.00 a month. Another Homeowner suggested checking with LawnMaster to see if they can do the spraying-the Homeowner believes that LawnMaster should have a pest control license.

The Board and Lordon Management updated the Homeowners that presently delinquency is only \$10,458.66 and only two units are in collections.

ADJOURNMENT:

This meeting adjourned to go into regular session HOA meeting at 11:00 a.m.

Respectfully Submitted by:

Approved by:

Starla Orloski
Site Property Manager

Cedarbrook North Board Member
Cedarbrook North Association

Cedarbrook North Regular Session HOA-September 27, 2016

BOARD MEMBERS PRESENT:

Janet Walters	President/Treasurer	Present
Marcella (Iris) Anderson	Vice President/Secretary	Absent
Ben Powell	Member At Large	Present

MANAGEMENT:

Donalea Bauer	Lordon Management	Absent
Ruth Gallarzo	Lordon Management	Present
Starla Orloski	JRMA Site Office	Present

CALL TO ORDER:

This meeting was held in the Jess Ranch Recreation Center on September 27, 2016 and called to order by Janet Walters at 10:35 a.m.

DISCUSSIONS:

The Cedarbrook North Board informed the Homeowners that the Cedarbrook North HOA dues will only be raised \$5.00 for next year.

The Cedarbrook North Board informed the Homeowners that tree trimming will be done in Cedarbrook North in November 2016 by So Cal Arbor Care. The cost for the tree trimming will be around \$14,295.00.

The Board updated the Homeowners that Scott of Saw Construction has completed some concrete work in Cedarbrook North which included concrete that was damaged by tree roots in the patio at 19191 Elm Drive.

Jenny Gilbert was informed by the Board that the bid from Flynn Plumbing (Page 4 of the Management Report) was approved. Jenny updated the Board that they do not need to remove the tree because there is new material that the plumber will be using that will make the likelihood of tree roots causing damage again would take several years. Lordon Management will speak to Flynn Plumbing about re-routing the line.

The Board informed the homeowners that the next set of homes to have roof work done is the building at the corner of Elm and Cottonwood (19271/19269/19267/19265 Elm; 11736/11734/11730 & 11728 Cottonwood). This work will be done next week by Elliotts. The Board and Lordon explained to the homeowners that Elliotts has been approved the contract to do the roof work in Cedarbrook North and he has been doing a good job for Cedarbrook North. Homeowners want the Board to hold off on having Elliotts do the roof work and wants another contractor more local to do the work. It was explained to the Homeowners that many roofing companies do not want to do the roofs of Cedarbrook North due to the A/Cs on top of the roofs. The Board and Lordon Management explained that they had tried getting local contractors to do the work but the problem is they don't have proper insurance/workman's comp. The homeowner of 19178 Palo Verde mentioned that they had a leak in their unit. Lordon will have someone check this home.

Janet updated the Homeowners that she will be meeting with Beaman Bros regarding A/Cs and Furnaces to see if it could be arranged to have an annual contract to check A/Cs & Furnaces so that homeowners could pay a cheaper cost to have their A/Cs and Furnaces checked annually.

The Board updated the Homeowners on what was in the Association's checking and savings accounts and that the Board has approved to do two liens. Currently delinquencies are in the amount of \$30,779.92.

ADJOURNMENT:

This meeting adjourned this HOA meeting at 10:58 a.m.

Respectfully Submitted by:

Approved by:

Starla Orloski
Site Property Manager

Cedarbrook North Board Member
Cedarbrook North Association

Cedarbrook North Regular Session HOA-July 26, 2016

BOARD MEMBERS PRESENT:

Janet Walters	President/Treasurer	Present
Marcella (Iris) Anderson	Vice President/Secretary	Present
Ben Powell	Member At Large	Present

MANAGEMENT:

Donalea Bauer	Lordon Management	Absent
Ruth Gallarzo	Lordon Management	Present
Starla Orloski	JRMA Site Office	Present

CALL TO ORDER:

This meeting was held in the Jess Ranch Recreation Center on July 26, 2016 and called to order by Janet Walters at 10:38 a.m.

DISCUSSIONS:

The Board updated the homeowners that the tree that was approved to be removed at 19230 Cottonwood was removed and stump ground.

The Board updated the homeowners that in about a couple of weeks concrete work will be started and soon completed at 19191 Elm Drive and 19230 Cottonwood. The Concrete work will be done by Saw Construction. Cedarbrook North Association is in process of obtaining three bids for tree trimming. There will be another building in Cedarbrook North in which roof work will be completed.

The Board and Lordon Management updated the homeowners that there is an annuity coming due in 2017 which is worth \$72,698.00. There is \$121,874.21 in the Money Market account and \$77,311.00 in checking. \$7,346.57 collected on delinquency.

The Board updated the homeowners regarding Cedarbrook North having an employed handyman like Jess Ranch Master Association the Board explained it would cost \$100.00 per month for workman's comp and \$100.00 a month to process payroll-This is before the hourly cost of the handyman. Temp Agencies will not touch handyman work.

The Board informed the homeowners that Beaman Brothers for the cost of about \$150.00 per year and a contract that Beaman Brothers will check and maintenance twice a year the A/C and heating. Marcella is checking to see what it would cost to have Beaman Brothers come out and check multiple units. The Fire Department use to give out smoke detectors that had batteries that would last up to ten years. A Homeowner mentioned that there was a program through the utility company such as Edison where a company called Prodius would come out and check A/C(s) and it was a funding program if you qualified-that one Homeowner had their A/C replaced. A Homeowner mentioned that S.W. Gas or Edison had a program regarding water heaters. A Homeowner mentioned that the Town of Apple Valley had a program on special deals regarding windows.

The Homeowners were informed that Cedarbrook North Association is looking into having the carports sprayed for spiders.

Homeowners were informed that the Board of Directors elections is coming up soon and the candidate statements have been mailed out to the Homeowners-Homeowners were encouraged to come and vote.

Homeowners were informed that there were no liens to vote on this month. Delinquencies have gone down considerably.

ADJOURNMENT:

This meeting adjourned at 10:58 a.m.

Respectfully Submitted by:

Approved by:

Starla Orloski
Site Property Manager

Cedarbrook North Board Member
Cedarbrook North Association

Cedarbrook North Rules & Regulations
Revised October 15, 2003

PREFACE: These **RULES** are in accordance with the Cedarbrook North Sub-Association Bylaws and Declaration of Covenants, Conditions and Restrictions (CC&R's) and must be adhered to by every member of this association. If violated, the owner may be required to remove or correct the violation and/or may be fined.

1. **Private Single Family Dwelling.** Each lot shall be used as a private dwelling for a single family and for no other use.
2. **Occupancy Requirements.** Each lot or condominium in the project shall be occupied only by: (a) a person fifty-five (55) years of age or over ("Permissible Occupant"); (b) a spouse regardless of age, residing with his or her Permissible Occupant spouse; (c) the individual or individuals, regardless of age, residing with and providing physical or medical support to a Permissible Occupant. The foregoing occupancy restrictions shall not be construed to prohibit any occupant from entertaining guests and invitees of any age in a lot or condominium provided that such occupancy shall be for a period not to exceed thirty (30) days. Guest over fifty-five (55) shall be exempt from this provision. *Please note: Master Association states 60 days in a calendar year which we allow.
3. **Liability for Damage to the Common Area.** Each owner shall be liable to the Association, pursuant to the laws of the State of California, for any and all costs and expenses which may be incurred by the Association to repair any damage to the Common Area which may be sustained by reason of negligence or willful misconduct of said Owner or his family, tenants, lessees or contract purchasers, or their respective guests or invitees, whether minor or adult.
4. **Maintenance of Animals Within the Project.** No animals of any kind shall be raised, bred or kept in any lot or in the Common Area, except one (1) common household pet. Each owner shall be responsible for cleaning up any excrement or other unclean or unsanitary condition caused by said animal on the Common Area. All animals belonging to Owners, tenants, or guests must be kept within an enclosed fence or patio, or on a leash being held by a person capable of controlling the animal. Dogs must be limited to no larger than 30 lbs (i.e. Cocker Spaniels)The Association, upon approval of two-thirds (2/3) of the Board, shall have the right to prohibit maintenance of any animal within the Project which constitutes a private nuisance to any other person.
5. **Quiet Enjoyment.** No Owner shall permit or suffer anything to be done or kept upon such Owner's Lot which will obstruct or interfere with the rights of quiet enjoyment of the other occupants, or annoy them by unreasonable noises.

6. **Windows.** No window in any residence shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, tint or any other material.

7. **Parking.** Except in such areas as designed by Declarant and the Board, no Owner of a lot in the Project shall park, store or keep any vehicle except wholly within his carport or outside area. Vehicle repairs are not permitted on the complex. Inoperable vehicles must be removed from the complex within seven (7) days. Vehicles shall not be stored on the complex. All vehicles on the complex must have current registration and Jess Ranch sticker or visitor pass. Vehicles in violation of this rule shall be towed off the complex at owner's expense. (California Department of Vehicles Code 22658)

A.* No storage is allowed in carports except for the areas designated with doors.

** Curb side parking for loading and unloading--move cars to carport for overnight.

*** If your vehicle is dripping oil, you must provide a drip pan with cat litter to absorb oil and clean the pan regularly.

8. **Patios.** No storage of any type is permitted on the patios. Patios are to be kept neat and free of debris at all times. Laundry, towels, clothing, and the like shall not be draped over walls or structures.

9. **Visitors.** Any visiting person under age 14 using bicycles must be supervised by an adult. Skates, razor scooters, or skateboards shall not be used on the common area, walkways, or lawns. At no times are the streets to be used for recreational or play activities. Security will be called to remove these children and advise CBN board members with the name and address of resident entertaining the children.

Owner/Tenant.

10. There shall be no structural alteration, construction, painting, done to the buildings. Any additions such as a TV dish must be approved by CBN board and Architectural Committee before installation. The homeowner will be deemed in violation of the guidelines and will be required to remove or correct the violation and or fined.

11. No owner shall lease his unit for transient or hotel purposes. Owners wishing to rent or lease their units, may do so only pursuant to a written rental or lease agreement. All leases shall be in writing and provide that the terms shall be subject to the provisions of the CC&Rs and the Bylaws. Any failure by the lessee to comply with these terms shall be a default. Such written agreement must be submitted to the Association prior to tenant taking occupancy. The written agreement must include the following: names of each occupant, age of each occupant and tenant's acknowledgment of receipt of association rules and regulations.

12. Owners are responsible (along with their tenants) for any violation of these rules, the Bylaws, or the CC&Rs by their tenants and their tenants' guests and invitees.

CITATIONS CAN AND WILL BE GIVEN FOR VIOLATIONS.

Please read Cedarbrook North CC&R's for more details.

CLEANING CARPORTS: SIGNS ARE POSTED ON TOP OF ALL CARPORTS. MOVE ALL VEHICLES OUT THE LAST THURSDAY OF EACH MONTH BETWEEN 0800 & 1100 A.M. NOVEMBER AND DECEMBER SCHEDULE WILL BE POSTED ON OUR THREE (3) BOARDS AT MAIL STATIONS (WILL USUALLY BE ONE WEEK BEFORE REGULAR SCHEDULED DATE). IF YOU CANNOT MOVE YOUR VEHICLE, PLEASE ASK NEIGHBOR TO HELP YOU! IF YOU RENT A CARPORT TO SOMEONE OTHER THAN FAMILY, YOU MUST INFORM YOUR RENTERS OF THESE RULES

SCHEDULE OF FINES

First notice	Warning
Second notice	\$25.00
Third notice	\$50.00
Fourth notice	\$100.00

Notice Carport Information ***CBN-Urgent***

We touched base regarding the carports in our monthly newsletters. A lot of time and effort was put into getting all the repairs done to get them looking decent. So now we want to keep them that way. It is the responsibility of the owner of the unit to keep the carports free from oil. If your car leaks oil please purchase a drip pan from any auto supply store for under \$10.00 and fill it with cat litter, which will absorb the oil and you will be able to keep it clean. DO NOT use anything else like carpeting, etc. One can purchase supplies at Target to get the oil stains removed from the concrete.

PLEASE DO NOT back into your carport parking spot. It is very hard to judge the distance while backing up, thus backing into the wall and creating another hole which will have to be repaired again. This can get very costly. We want to thank you very much for all your cooperation on this matter. We will be walking the carports to check for the oil damage and clean up.

We will be in touch.

Your board of directors.

****URGENT****
OVERFLOW PARKING

Effective **December 15, 2003**, parking inside Cedarbrook North is **NOT** open parking. This is for residents and guests only. Offenders will be towed at owners expense. The area off Juniper in-between the parking garages will be numbered and spaces rented out at the cost of \$20.00 per month starting January 1, 2004. If you are interested in renting a space, please stop at the back gate and give Starla your name and phone number so we can contact you. If you do not want to rent a space you will have to check with Starla to see where you can park. We are sorry to inconvenience you in this manner however, due to economic reasons it has to be this way. Questions can be answered at the Jess Ranch Master Association board meeting which is held the last Tuesday of every month at 1:00 P.M.

Cedarbrook North Board of Directors

Esom

CEDARBROOK NORTH USE & RESTRICTIONS

GARDEN APARTMENTS

ARTICLE VIII, Section 1 through 13 are actually copied directly from CEDARBROOK NORTH CC & R's.

These are the most commonly used and abused items.
Copied here for easy use.

Section 1. Private Single Family Dwelling. Each lot shall be used as a private dwelling for a single family and for no other use.

Section 2. Occupancy Requirements. Each lot or condominium in the Project shall be occupied only by: (a) a person fifty-five (55) years of age or over ("Permissible Occupant"); (b) a spouse, regardless of age, residing with his or her spouse, provided that the spouse is a Permissible Occupant; (c) the individual or individuals, regardless of age, residing with and providing physical or medical support to a Permissible Occupant. The foregoing occupancy restrictions shall not be construed to prohibit any occupant from entertaining guests and invitees of any age in a lot or condominium provided that such occupancy shall be for a period not to exceed thirty (30) days, Guest over fifty-five (55) shall be exempt from this provision.* Please note: Master Association states 60 days in a calendar year which we allow.

Section 5. Liability for Damage to the Common Area. Each owner shall be liable to the Association, pursuant to the laws of the State of California, for any and all costs and expenses which may be incurred by the Association to repair any damage to the Common Area which may be sustained by reason of negligence or willful misconduct of said Owner or his family, tenants, lessees or contract purchasers, or their respective guests or invitees, whether minor or adult.

Section 6. Signs. ----except for one (1) "for sale" "for lease" or "for exchange" sign of reasonable size, but in no event to exceed six (6) square feet on any lot.

Section 7. Maintenance of Animals Within the Project. No animals of any kind shall be raised, bred or kept in any lot or in the Common Area, except one (1) common household pet.---- Each Owner shall be responsible for cleaning up any excrement or other unclean or unsanitary condition caused by said animal on the Common Area. All animals belonging to Owners, tenants, or guests must be kept within an enclosed fence or patio, or on a leash being held by a person capable of controlling the animal. The Association, upon approval of two-thirds (2/3) of the Board, shall have the right to prohibit maintenance of any animal within the Project which constitutes a private nuisance to any other person.

Section 8 Quiet Enjoyment. No Owner shall permit or suffer anything to be done or kept upon such Owner's Lot which will obstruct or interfere with the rights of quiet enjoyment of the other occupants, or annoy them by unreasonable noises,

Section 9 & 10 Structural Changes, Improvements. (No changes or improvements can be made without first obtaining approval from the Architectural Committee).

Section 11. Windows. No window in any Residence shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, tint or any other material reasonably deemed inappropriate for such use by the Association.

Section 13. Parking. Except in such areas as designated by Declarant and the Board, no Owner of a Lot in the Project shall park, store or keep any vehicle except wholly within his carport. No Owner shall park, store or keep any large commercial type vehicle (including, but not limited to, any camper, motorhome, trailer, boat trailer, mobile home or other similar vehicle, boat or aircraft) or any vehicle other than a private passenger vehicle on any portion of the Common Area. No owner shall conduct major repairs or major restorations of any motor vehicle of any kind whatsoever in his carport or upon the Common Area. (Minor repairs can be made in order to move vehicle).

** Curb side parking for loading and unloading---move cars to carport for overnight.
(CBN)

*** Visitors must have guest pass on mirror or dash for over night parking. Passes can be had at Security Office and should be left with person being visited. (JRMA)
For second vehicles, two overflow sections have been provided. East from Juniper, the open area between carports and north off of Cottonwood between carports.

CITATIONS CAN AND WILL BE GIVEN FOR VIOLATIONS.

Please read Cedarbrook North CC&R's for more details.

IF YOUR VEHICLE IS DRIPPING OIL, YOU MUST PROVIDE A DRIP PAN WITH CAT LITTER TO ABSORB OIL AND CLEAN REGULARLY.

CLEANING CARPORTS: SIGNS ARE POSTED ON TOP OF ALL CARPORTS. MOVE ALL VEHICLES OUT LAST THURSDAY OF EACH MONTH BETWEEN HOURS OF 9 & 11 A.M. NOVEMBER AND DECEMBER SCHEDULE WILL BE POSTED ON OUR THREE (3) BOARDS AT MAIL STATIONS. IF YOU CANNOT MOVE YOUR VEHICLE, PLEASE ASK NEIGHBOR TO HELP YOU! IF YOU RENT A CARPORT TO SOMEONE OTHER THAN FAMILY, YOU MUST INFORM YOUR RENTERS OF THESE RULES.