DECLARATION OF RESTRICTIONS

Covenants, Conditions and Restrictions

VILLAGE TOWNHOMES, INC.

Tract No. 5062

Recorded October 3, 1963

Book 6745, Page 227, Official Records

Orange County, California

Amended July 1, 1988 · Amended February 3, 1992

Readable transcription — for reference only.
The recorded instrument is the controlling document.

STATUTORY NOTICE

If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, 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 by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. 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.

ABOUT THIS TRANSCRIPTION

- This is a re-typeset transcription of the recorded Declaration of Restrictions for Village Townhomes, Inc., Tract No. 5062, recorded October 3, 1963 in Book 6745, Page 227 of Official Records, Orange County, California, as amended July 1, 1988 and February 3, 1992. It was prepared for readability only. The recorded instrument remains the controlling document.

- Every word, section number, subparagraph letter and bracketed amendment note appears in the same order and at the same level as in the original. Nothing was added, removed, reordered or reworded. Only layout was changed: the original's justified typewriter spacing was replaced with normal word spacing, and indentation was regularized so each level of subparagraph lines up.

- Obvious typing errors in the original were corrected where the intended word is unambiguous and the meaning does not change. These were: "lein" → "lien" (throughout); "intrest" → "interest"; "assassment" → "assessment"; "deliquent" → "delinquent"; "seperate" → "separate"; "resonable" → "reasonable"; "writting" → "writing"; "excerise" → "exercise"; "waving" → "waiving"; "agees" → "agrees"; "revolked" → "revoked"; "conditons" → "conditions"; "ths" → "this"; "incoporators" → "incorporators"; "commomly" → "commonly"; "theron" → "thereon"; "protecet" → "protect"; "shail" → "shall"; "compentent" → "competent".

- Wording left exactly as recorded, even though it may be an error, because correcting it could change the meaning: Paragraph 7(A), "except for membership if the incorporators" (likely "of the incorporators"); Paragraph 9(C), "whether or not such act is negligible" (the parallel provision at Paragraph 8(B) reads "negligent"); Paragraph 14(B) heading, "Affect of Arbitration" (likely "Effect"); Paragraph 7(D), "used to and for the purposes"; the British spelling "judgement," which the original uses throughout.

- Two passages could not be fully read, because the top line of the page is clipped off in the scan at each point. In both places the missing words are shown in square brackets followed by an asterisk, so they are easy to spot: in Paragraph 7(K) (top of scan page 9) and in Paragraph 10 (top of scan page 12). Each bracketed phrase is a reconstruction from context — for 7(K), from the parallel arbitration clauses at 8(E) and 9(E); for Paragraph 10, from the sentence running on from the previous page. Neither should be relied on until it is checked against a clean copy of the recorded instrument. Everything outside those two bracketed phrases is legible in the scan and transcribed directly from it.

- Two lines in the scan — following the [Amended February 3, 1992] note in Paragraph 7(G)(1) and following Paragraph 8(B) — carry stray horizontal marks. These appear to be artifacts of the copy rather than struck-through text; no words appear to be missing at either point.

Tract No. 5062
Restrictions Recorded October 3, 1963
In Book 6745, Page 227 O.R.

DECLARATION OF RESTRICTIONS

(COVENANTS, CONDITIONS AND RESTRICTIONS)

VILLAGE TOWNHOMES, INC.

TRACT NO. 5062

The undersigned owner of that certain real property situated in the State of California, County of Orange, described as follows:

> Lots 1 through 306 inclusive of Tract No. 5062, as shown on a map recorded in Book 187, Pages 19, 20, and 21 of Miscellaneous Maps, records of Orange County, California,

hereby covenants, agrees and declares that all of said lots and property are and will be held, sold and conveyed subject to the following covenants, conditions and restrictions, which are hereby declared to be for the benefit of the whole tract and all of the property described herein, and the owners thereof, their successors and assigns. Said restrictions establish and impose a general plan for the improvement and development of said tract and all the property described herein and the adoption and establishment of covenants and restrictions upon said land and each and every lot and portion thereof and upon the use, occupancy and enjoyment thereof. Every conveyance of any said lot or lots or property or portion thereof in said tract of land shall be and is subject to the said covenants, conditions and restrictions, as follows:

1. Said premises are hereby restricted to residential dwellings or apartments for residential use. All buildings or structures erected upon said premises shall be of new construction and no buildings or structures shall be moved from other locations onto said premises, and no subsequent buildings or structures other than town houses, commonly known as row houses, being dwelling units joined together by common party walls, shall be built on any parcel where the developer theretofore programmed and constructed a town house.

No structures of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any lot at any time as a residence either temporarily or permanently.

(A) Nuisances. No noxious or offensive activities shall be carried on upon the premises. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a dwelling unit and its contents, shall be placed or used on the premises or any street abutting the premises. Noisy or smoky (a) vehicles, (b) large power equipment and tools, (c) off-road motor vehicles or items which may reasonably interfere with television or radio reception of any owner in the premises, and other things which create or emit loud noises or noxious odors, including barking dogs, shall not be located, used or placed on any portion of the premises or on any street abutting the premises, or exposed to the view of other owners, as applicable. The Board of Directors shall have the right to determine if any noise, odor, or interference or activity producing the noise, odor, or

interference constitutes a nuisance. Each owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a dwelling unit. Each owner shall be accountable to the other owners for the conduct and behavior of children and other family members or persons residing in or visiting his lot; and any damage to the property of another owner caused by such children or other family members shall be repaired at the sole expense of the owner of the lot where such children or other family members or persons are residing or visiting. [Amended July 1, 1988]

2. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for any commercial purpose.

3. No advertising signs (except one of not more than five square feet “for Rent” or “For Sale” sign per parcel), billboards, unsightly objects, unsightly appearance or nuisance shall be erected, placed or permitted to remain on any of said lots, nor shall the premises be used in any way or for any purpose which may endanger the health or unreasonably disturb the holder of any parcel in the subdivision. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the premises. Provided further, however, the foregoing covenants shall not apply to the business activities, signs and billboards, if any, by the developer, its agents and assigns during the construction and sale period, and by the Huntington Continental Town House Association, Inc., a non-profit association incorporated or to be incorporated under the laws of the State of California, its successors and assigns (now incorporated as “Village Townhomes, Inc.” and hereinafter referred to as “the Association”), in furtherance of its powers and purposes as herein set forth.

4. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight line limitations shall apply on any lot within ten feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage is maintained at sufficient height to prevent obstruction of such sight lines. No fence or wall shall be erected, placed or altered on any parcel nearer to any front street than minimum front building setback line.

5. All clothes lines, equipment, garbage cans, service yards, wood piles or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring parcels and streets. All rubbish, trash, or garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon.

6. No fences, hedges or walls shall be erected or maintained upon said premises, except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Architectural Committee in the manner set forth in Paragraph 7 hereof.

7. Should any deed or grant to a homeowner include property other than that upon which the dwelling unit is situated including the rear patios, the homeowner will, upon request of the Association, convey

without charge such land to the Association. It is anticipated that residential dwelling units will be constructed on various parcels within the subdivision property and that the ownership of the individual units shall be evidenced by a deed of the parcel upon which each unit is situated. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of commonly used areas, including recreation, and parking areas and walks, shall be taken by the Association. The powers, rights and duties of the Association shall be as follows, and as may be adopted in its Articles of Incorporation and Bylaws not inconsistent herewith:

(A) Membership in the Association, except for membership if the incorporators and the first Board of Directors, shall be limited to owners of record of parcels of land within said subdivision upon which dwelling units are constructed or planned to be constructed.

In the event any such parcel is owned by two or more persons, whether by joint tenancy, tenancy in common or otherwise, the membership for such parcel shall be joint and a single membership for such parcel shall be issued in the names of all.

[Amended July 1, 1988]

(B) The Association shall hold title in fee or in permanent easement for such use to said various parking areas and rights of way in the subdivision, and such other areas as may be acquired by it and be set aside and maintained for the use, enjoyment of convenience of the owners of parcels in the subdivision it acquires in furtherance of its powers and purposes as set forth herein. [Amended July 1, 1988]

(C) The Association shall maintain and otherwise manage the landscaping, parking areas, and recreational facilities and exterior of the buildings located within the premises, and upon any other properties which may be acquired by the Association and shall pay all real estate taxes and other charges which may be assessed against or levied upon said land, whether the Association has title in fee or a permanent easement for parking, and shall maintain and otherwise manage the landscaping of all other areas of the subdivision, and the Association, for itself, its agents and assigns, is hereby granted the right and easement to enter in and upon all lawn and walk areas within the subdivision at reasonable intervals as may be established from time to time by the Association in furtherance of the above purposes. [Amended July 1, 1988]

(D) The owner of record of each numbered parcel in said subdivision upon which a dwelling unit has been constructed and conveyed by the developer or its assigns, for himself, his heirs, successors and assigns covenants that each such parcel shall entitle the owner or owners thereof to one membership in the Association for himself and his family residing in the residence on such parcel which membership shall be subject to all of the provisions of the Association’s Articles of Incorporation and Bylaws and these restrictions as now in effect or duly adopted and amended. The owner of each numbered parcel in said subdivision (whether owned by the developer or by another person), for himself, his heirs, successors and assigns further covenants that each such parcel shall be subject to regular and special assessments as such assessments are fixed, established and collected from time to time as provided in this Declaration or the Bylaws. All assessments, together with interest thereon, late charges, attorneys’ fees, court costs and other costs of collection thereof, as hereinafter

provided shall be a continuing lien upon the lot against which each such assessment is made. Each assessment, together with interest thereon, late charges, court costs, attorneys' fees and other costs of collection thereof, shall also be the personal obligation of the owner of such lot at the time when the assessment becomes due. The personal obligation shall not pass to the successors in title of an owner unless expressly assumed by such successors.

(1) Purpose of Assessment. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health and welfare of the members, the management of the subdivision, enhancing the quality of life in the subdivision and the value of the subdivision property, or in furtherance of any other duty or power of the Association.

(2) Regular Assessments. Regular assessments shall be levied pro rata, and for the following purposes:

(a) The actual cost to the Association for all repair and maintenance of areas owned by the Association and areas owned by others and the payment of taxes and other charges required by Paragraph 7.(C) hereof;

(b) The actual cost to the Association of such recreational facilities as may from time to time be provided by the Association;

(c) Such sums as the Board of Directors of the Association shall determine to be fair and prudent for the establishment and maintenance of a reserve for the repair, maintenance, taxes and other expenses of the Association and other charges as specified in Paragraph 7.(A) hereof, including a liability insurance policy in a face amount of not less than one million dollars ($1,000,000.00), which policy, in addition to public liability, shall cover repair and construction work to all of the property of the Association. The disposition of insurance proceeds shall be made upon a majority vote of the Board of Directors but in all events shall be used to and for the purposes of the Association;

(d) Such additional sum as the Board of Directors of the Association shall determine to be necessary to meet the specific and primary purposes of the Association; and

(e) To the extent such coverage is available at a reasonable cost to the Association, such additional sum as the Board of Directors shall determine is appropriate to obtain directors and officers liability insurance. Such policies shall include, to the extent available, coverage for past and present officers and directors.

Invoices for the pro rata amounts determined pursuant to paragraphs (2)(a)-(e). above shall be submitted to said owners monthly or at such regular intervals as may be fixed by the Board of Directors.

(3) Special Assessments.

(a) Special assessments shall be levied by the Board against an owner to reimburse the Association for:

(i) Costs incurred in bringing an owner and his unit into compliance with the provisions of this Declaration, the Articles, the Bylaws, or Association rules;

(ii) Any other charge designated as a special assessment in this Declaration, the Articles, Bylaws, or Association rules including a reasonable system of fines and penalties for violations of this Declaration, the Articles, Bylaws or Association rules, which may be adopted by the Board pursuant to its powers to promulgate rules and regulations; and

(iii) Attorneys' fees, interest and other charges relating thereto as provided in the Declaration.

In the event the Association provides materials or services which benefit individual owners and/or their dwelling units, such owners, in accepting such materials or services, agree that the cost thereof shall be a special assessment.

(4) Increases in Assessments. The Board of Directors may increase and levy regular and special assessments in accordance with the provisions of California Civil Code Section 1366, or any successor statute.

(5) No Offsets. All assessments shall be payable in the amount specified by the Association and no offsets against such amounts shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Declaration.

(6) Covenant of Payment. Each said owner, for himself, his heirs, successors and assigns, covenants that with respect to assessments so determined during the period he is an owner, he will pay these assessments to the Association not later than fifteen (15) days after the due date of the assessments as specified by the Board of Directors, and further, that said charges shall, if not paid within fifteen (15) days from the date the assessments are due, become delinquent and subject to enforcement as hereinafter provided.

If any such assessment is not paid when due, the Association may levy interest and late charges as provided by Section 1366(c) of the California Civil Code, or any successor statute. The Association, at its option and without waiving the right to judicially foreclose any lien against the delinquent owner's dwelling unit, may pursue any available remedy, including, without limitation, bringing an action at law against the owner personally obligated to pay the same, and foreclose the lien against the dwelling unit as provided by law. If any action is commenced there shall be added to the amount of such assessment, late charges, interest, and the costs of such action and attorney's fees incurred in such action; and in the event a judgment is obtained, such judgment shall include said late charge, interest and any reasonable attorney's fees, together with the cost of the action. Each owner vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against each owner or other owners for the collection of delinquent assessments.

(7) Foreclosure Sale. An assessment lien may be enforced by sale by the Association, its attorney or any other person authorized by the Board to make the sale after failure of the owner to make the payments in the manner specified herein. Any such sale provided for above is to be conducted in accordance with the provisions of Section 2924, 2924b, 2924c, 2924f, 2924g, and 2924h of Civil Code of the State of California, as said statutes may from time to time be amended, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the residence using Association funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same.

(8) Curing the Default. Upon the timely payment or other satisfaction of (i) all delinquent assessments specified in any notice of claim of lien, (ii) all other assessments which have become due and payable with respect to the residence as to interest, late charges, attorney's fees, and other costs of collection pursuant to this Declaration and the notice of claim of lien which is accrued, officers of the Association or any other persons designated by the Board 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 to cover the costs of preparing and filing or recording such release.

(9) Cumulative Remedies. The assessment lien and the rights to foreclose and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided. [Amended July 1, 1988]

(E) In the event said owner of any parcel shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, the Association, after approval of the decision of the Board of Directors by affirmative vote of at least fifty percent (50%) of the membership present at any meeting called for this purpose, shall have the right, through its agents and employees, to enter upon such parcel and to repair, maintain, rehabilitate, and restore the premises and the exterior of any improvements thereon. Each owner, for himself, his heirs, successors and assigns, covenants that the costs thereof shall be an assessment upon the premises so repaired, maintained, rehabilitated or restored, and that he will pay the Association said charge in the time and the manner set forth in Paragraph (D) for the payment of charges therein to the Association and that said charges shall become a lien on the premises in the time and manner and be subject to foreclosure as set forth in said Paragraph (D). It is further provided that the Association shall have the right to pay and discharge the debt of any contractor or materialman furnishing labor or materials in connection therewith and the Association shall then be subrogated to all rights which such contractor or materialman may have against such owner, in addition to the other rights and powers of the Association, as heretofore set forth.

(F) The membership of the Association held by any owner of a parcel in said subdivision shall not be transferred, pledged, or alienated in any way, except upon sale of such parcel and then only to the purchaser of such parcel. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the owner of any parcel should fail or

refuse to transfer the membership registered in his name to the purchaser of such parcel, the Association shall have the right to record the transfer upon the books of the Association. [Amended July 1, 1988]

(G) No exterior additions or alterations to any building nor changes in fences, hedges, walls or other structures shall be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate cost of same shall have been submitted to and approved in writing as to conformity and harmony of external design and location with existing structures in the subdivision by an Architectural Committee composed of the Board of Directors of the Association, or by a representative designated by the Board of Directors. In the event said committee, or its designated representative fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, such approval will not be required and this paragraph will be deemed to have been fully complied with. Neither the members of such committee nor its designated representative shall be entitled to compensation for services performed pursuant to this paragraph. [Amended July 1, 1988]

(1) Any exterior or interior additions, or alterations to any building or changes in fences hedges, walls and other structures, or fixtures made at the expense of an individual Unit Owner shall be insured by the Association. [Amended February 3, 1992]

(H) The foregoing provisions of subparagraphs (B) through (G) of paragraph 7 and the responsibilities of the Association and the owners of parcels as set forth therein shall not be applicable to any parking area until such parking area, or the developers interest therein if the parking area is a permanent easement, is conveyed to the Association by the developer and shall not be applicable to any parcel in said subdivision prior to the time a dwelling is constructed thereon and conveyed by the developer, or its assigns to a residential owner-occupant, prior to conveyance to residential owner-occupants of dwelling units which are constructed but not sold, the owner of the property shall be responsible for the maintenance of such dwelling units in a manner typical to the average maintenance of dwelling units in the subdivision.

(I) That the Association shall assign, as a permanent easement, to the owner of each of the lots numbered 1 through 306 of Tract 5062, the use of one covered vehicular parking space.

(J) That the owners and occupants of dwelling units on lots 1 through 306 of Tract 5062 shall not place, or cause to be placed, any exterior antennas on the buildings or any other exterior obstruction of any nature, without the consent of a majority of the Association membership.

(K) In the event of a [dispute between the Association]* and any owner with respect to architectural approval, or compliance with any of the architectural provisions of this Declaration, or the Association rules and regulations, then upon written request of such owner or the Association, the matter shall be submitted to arbitration in accordance with the provisions of Paragraph 14, below. [Amended July 1, 1988]

8. The rights and duties of the owners of parcels within this subdivision with respect to party walls shall be governed by the following:

(A) Each wall which is constructed on the subdivided property and any part of which is placed on the dividing line between separate parcels of the various tracts in said subdivision shall constitute a party wall, and with respect to such wall, each of the adjoining owners shall assume the burdens and be entitled to the benefits of these restrictive covenants, and to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto.

(B) In the event such party wall is damaged or destroyed through the act of one adjoining owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining owner the full use and enjoyment of such wall, then the first of such owners shall forthwith proceed to rebuild or repair the same to as good condition as formerly without cost to the adjoining owner.

(C) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining owners, his agents, guests or family (including ordinary wear and tear and deterioration from lapse of time) then in such event, both such adjoining owners shall proceed forthwith to rebuild or repair the same to as good as formerly at their joint and equal expense.

(D) In addition to meeting the other requirements of these restrictive covenants and of any building code or similar regulations or ordinances, any owner proposing to modify, make additions to rebuild his residence in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining owner.

(E) In the event of a dispute between the owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of one of the owners to the Association, the matter shall be submitted to arbitration in accordance with the provisions of Paragraph 14, below. [Amended July 1, 1988]

(F) These covenants shall remain in full force and effect until modified or abrogated as to any particular party wall by the agreement of all persons that have an interest therein.

(G) These covenants shall be binding upon the heirs and assigns of any owner, but no person shall be liable for any act or omission respecting any party wall except such as took place while an owner.

(H) In the event any wall or portion of any building encroaches or exceeds the lot limits of the deeded parcel, then the owner of the property encroached upon hereby grants an irrevocable easement for such encroachment to the party whose building, wall, or portion of any structure encroaches upon any such parcel of land until said encroaching structure may be destroyed by fire or other casualty, or voluntarily removed by all the parties interested therein at which time said easement shall terminate; said easement shall be without charge of any nature whatsoever for the full use and enjoyment of said portion which is encroaching subject to the other restrictions contained in the Declaration of Restrictions.

9. The rights and duties of the owners of the parcels within this subdivision with respect to sanitary sewer and water, electricity, gas, and telephone shall be governed by the following:

(A) Wherever joint sanitary sewer house connections and/or joint water house connections or electricity, gas, or telephone lines are installed within the subdivision, which connections, or any portion thereof, lie in or upon parcels owned by others than the owner of a parcel served by said connection shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon parcels or to have the utility companies enter upon the parcels within the subdivision in or upon which said connection, or any portion thereof, lies to repair, replace, and generally maintain said connection as and when the same may be necessary as set forth below.

(B) Wherever joint sanitary sewer house connections and/or joint water house connections or electricity, gas or telephone lines are installed within the subdivision, which connections serve more than one parcel, the owners of each parcel served by said connection shall be entitled to the full use and enjoyment of such portion of said connection as services his parcel.

(C) In the event any portion of said connection or line is damaged or destroyed through the act of an owner or a parcel being served by said connection, or any of his agents or guests or members of his family, whether or not such act is negligible or otherwise culpable, so as to deprive the other owners being served by said connection of the full use and enjoyment of said connection, then the first of such owners shall forthwith proceed to replace or repair the same to as good condition as formerly without cost to the other owners served by said connection.

(D) In the event any portion of said connection or line is damaged or destroyed by some cause other than the act of any of the adjoining owners, his agents, guests, or members of his family (including ordinary wear and tear and deterioration from lapse of time) then in such event if said damage or destruction shall prevent the full use and enjoyment of said connection by the owner of a parcel served by said connection, all such owners who are thereby deprived of said use and enjoyment shall proceed forthwith to replace or repair said connection to as good as formerly at their joint and equal expense.

(E) In the event of a dispute between owners with respect to the repair or rebuilding of said connection or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to arbitration in accordance with the provisions of Paragraph 14, below. [Amended July 1, 1988]

(F) These covenants shall be binding upon the heirs and assigns of owners, but no person shall be liable for any act or omission respecting any said connection except such as took place while an owner.

(G) Notwithstanding any other provision of this Paragraph 9, the Association shall not be responsible for the repair and maintenance of any utility connection, nor any utility or devices connected thereto, wherever located, and servicing private dwelling units within the subdivision, unless such repair and/or maintenance is occasioned by the sole negligence of the Association. [Amended July 1, 1988]

10. The covenants, restrictions, reservations and conditions contained herein shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing or occupying any lot or lots in said subdivision, their heirs, executors, administrators, successors and assigns. After the date on which this

instrument has been recorded, these covenants, restrictions, reservations and conditions may be enforced by the Association which shall have the right and duty to enforce same and expend Association money in pursuance thereof, and also may be enforced by the owner of any parcel in said subdivision and any one or more of said parties; provided, however, any lien arising pursuant to Paragraph 7.(D) and 7.(E) hereby shall be junior and expressly subject to the lien or any mortgage made in good faith and for value upon said land given or given in connection with the purchase of said parcel from the developer, its successors or assigns, and provided further than any breach of said covenants, restrictions, reservations and conditions, or any right of entry by reason thereof, shall not defeat or affect the lien of said mortgage, but except as hereinafter provided each and all of said covenants, restrictions, reservations and conditions, shall be binding upon and effective against any owner [of said premises whose title thereto is acquired by foreclosure, trustee's sale,]* sheriff sale or otherwise or by deed given in lieu of foreclosure shall take title to said premises free of lien hereof for all said charges pursuant to Paragraph 7 that have accrued up to the time of foreclosure or deed in lieu of foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to the foreclosure or deed given in lieu of foreclosure, and provided also that the breach of any said covenants, restrictions, reservations and conditions may be enjoined, abated, or reviewed by appropriate proceedings, notwithstanding the lien or existence of any such mortgage. All instruments or conveyance of any interest of all or part of said subdivision shall contain reference to this instrument and shall be subject to the covenants, restrictions, reservations and conditions herein as fully as though the terms and conditions of this instrument were therein set forth in full, provided that the term and conditions of this instrument shall be binding upon all persons affected by its terms, whether express reference is made to this instrument or not. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.

If any action is instituted in a court of competent jurisdiction to enforce any of the covenants, conditions and restrictions or easements contained in this Declaration or the provisions of the Association's Articles, Bylaws or rules and regulations, the party against whom the judgement, decree, order or declaration is entered shall, and agrees to pay, all costs of suit and a reasonable attorney's fee, such as may be established by said court. [Amended July, 1, 1988]

11. Invalidation of any one of these covenants, restrictions, reservations, or conditions or portions thereof by judgement or court order shall in no way affect the validity of the other provisions or portions thereof and the same shall remain in full force and effect.

12. The word "He" wherever used in this instrument shall be used as synonymous with the words "She", "It" and "They" and the word "His" synonymous with the words "Her", "Its" and "Their".

13. These covenants, restrictions, reservations and conditions shall remain in full force and effect for a period of twenty-five (25) years from the date hereon. Thereafter, they shall be automatically renewed for successive terms of ten (10) years, unless revoked by an instrument in writing, signed by not less than two-thirds (2/3) of all the owners in said subdivision, which instrument shall be recorded in the Office of the Orange County Recorder. Notwithstanding the foregoing, these covenants, restrictions, reservations and conditions may be amended at any time upon the vote or written consent of two-thirds (2/3) of all the owners in said subdivision, which instrument shall be recorded in the Office of the Orange County Recorder. [Amended July 1, 1988]

14. (A) Arbitration of Disputes. Any disputes subject to arbitration as herein provided shall be resolved by arbitration in accordance with the commercial arbitration rules of the American Arbitration Association ("AAA") before an arbitrator(s) selected from the panel of arbitrators of the AAA. Any fees or costs in initiating arbitration which must be paid prior to such arbitration shall be borne by the disputing parties provided, however, that such costs or fees and all other costs of the arbitration, including without limitation, reasonable attorney's fees, shall be borne by the disputing parties in such amounts and such proportions as shall be determined by the AAA panel.

(B) Affect of Arbitration. The decision of the AAA arbitrator(s) shall be binding upon all the disputing parties and may, as long as not otherwise prohibited by application of law, be entered as a judgement or order of any court of competent jurisdiction. The cost for entry of such judgement shall be borne by the disputing party or parties that do not prevail in such arbitration.

(C) Enforcement by Association. In the event any of the disputing parties do not proceed to repair or rebuild any party wall in need thereof in accordance with the decision of the AAA arbitrator(s), then the Association shall be empowered to have judgement entered in the Association's favor upon such arbitration award and enforce the same against the disputing parties. In the event such action becomes necessary, all costs incurred by the Association, including reasonable attorneys' fees, necessary to enforce the arbitration award, may be levied against the disputing parties as special assessments in accordance with the provisions of this Declaration.

[Amended July 1, 1988]
[Amended February 3, 1992]

EXECUTED this _____ day of _____, 1992

VILLAGE TOWNHOMES, INC.
A California Non-Profit
Mutual benefit Corporation

By_____
Its President

By_____
Its Secretary