

# Exhibit C

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**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.**

Founders Title Co.  
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RECORDED AT REQUEST OF  
FOUNDERS TITLE COMPANY

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COUNTY OF MONTEREY  
SALINAS, CALIFORNIA

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
SALINAS VALLEY FOOTHILL ESTATES HOMEOWNERS ASSOCIATION

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
SALINAS VALLEY FOOTHILL ESTATES HOMEOWNERS ASSOCIATION

THIS DECLARATION is made on the date hereinafter set forth by FOOTHILL ESTATES, INC. A CALIFORNIA CORPORATION (hereinafter called "Grantor" or "Declarant").

WHEREAS, Grantor is the owner of all that certain real property located in the County of Monterey, State of California, more particularly described as follows:

All of that certain real property as shown in that certain Subdivision Map entitled "Tract 745" filed in Volume 14 of Cities and Towns at page 88, in the Recorder's Office of the County of Monterey, on July 22, 1982, and the Certificate of Correction of such Map filed in Reel 1814 at page 75, as Instrument # G 47989, on February 22, 1985 (hereinafter referred to as "the Map").

WHEREAS, it is Grantor's intention to impose upon the property mutually beneficial restrictions as a planned development (as defined in California Business and Professions Code Section 11947) under a common scheme for the improvement, maintenance and benefit of all of said lots and the owners thereof; and

WHEREAS, Grantor hereby establishes by this Declaration a plan for the individual ownership of the real property estates, consisting of those certain parcels of land together with those single-family residential improvements thereon as well as the "common area" as hereafter defined.

NOW THEREFORE, Grantor hereby declares that the property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved, subject to the following limitations, restrictions, covenants and conditions, all of which are declared and agreed to be in furtherance of a plan for the improvement of the property and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Project and every part thereof. All of the limitations, covenants, restrictions, and conditions shall run with the real property and shall be binding upon all parties having or acquiring any right, title, or interest therein or any part thereof, and shall be for the benefit of each owner of any portion of said Project or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest.

ARTICLE I

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DEFINITIONS

1. "The Association" means the Salinas Valley Foothill Estates Homeowners Association, a non-profit mutual benefit corporation, membership in which shall be limited to owners (as hereinafter defined) and in which all owners have a membership interest.
2. "Beneficiary" means and refers to a mortgagee under a mortgage or a beneficiary under a deed of trust encumbering a lot, as hereafter defined.
3. "Board" or "Board of Directors" means the governing body of the Association.
4. "By-Laws" shall mean the By-laws of the Association which are or shall be adopted by the Board.
5. "Common Area" means all area shown on the Map not included in Lots 1 through 61 and the following named private streets: Foothill Drive, Foothill Circle, Blossom Hill Way, Blossom Hill Circle and Hillcrest Drive, and such Common Area is shown as parcel "A" on the Map. The appurtenant portions of those streets named above are to be deeded to the Homeowners Association as Common Area upon commencement of Phases II and III. The Common Area(s) are to be owned by or held in trust for the benefit of the Association for the common use and enjoyment of its members, but do not include real property over which the Association has only an easement.
6. "Declarant" means and refers to Foothill Estates, Inc. a California Corporation, and all successors and assigns of declarant, if such successors and assigns acquire more than one lot for the purpose of resale to another.
7. "Declaration" means and refers to the within Declaration of Covenants, Conditions and Restrictions.
8. "Director" means a member of the Board of Directors.
9. "Institutional Lender" shall mean any bank, savings and loan association, insurance company, or other financial institution holding a recorded first mortgage on any Lot.
10. "Lots" mean those certain parcels of land together with the single-family residential improvements attached thereto, described as Lots 1-12 and 39-42, inclusive, County of Monterey, State of California, and any additional lots annexed thereto.
11. "Map" refers to that certain Subdivision Map entitled "Tract 944" filed in Volume 14 of Cities and Towns at page 88 on June 22, 1982, Certificate of Correction filed February 22, 1985 in Reel 1514 at page 75, in the Recorder's Office of Monterey County, and any additional lots annexed thereto.

12. "Member" means and refers to those lot owners who are members of the Association pursuant to Article III hereof.

13. "Mortgage" means a deed of trust as well as a mortgage.

14. "Mortgagee" means a beneficiary under or holder of a deed of trust as well as a mortgage.

15. "Owner" or "Owners" mean the record owner or owners, whether one or more persons or entities, of a fee simple title to a lot, and a contract vendee of a Lot, but excluding any person or entity having such interest merely as security for the performance of an obligation.

16. "Project" and "Property" means the entire parcel of real property described above, and such additions thereto as may later be brought within the jurisdiction of the Association.

17. "Rules" means the Rules adopted by the Association pursuant to this Declaration.

#### ARTICLE II

##### DESCRIPTION OF PROJECT, ANNEXATION, DIVISION OF PROPERTY, AND CREATION OF PROPERTY RIGHTS

Section 1. Property Subject to Declaration: All of the real property shown on the Map is hereby declared to be subject to this Declaration, as well as any additional property which may be annexed pursuant to the provisions of this Declaration.

Section 2. Annexation: Additional phases may be annexed to and become subject to this Declaration by any of the following methods set forth in this Section. Upon annexation additional phases shall become subject to this Declaration without the necessity of amending individual sections hereof.

A. Annexation pursuant to Plan: The property described on the Map as the appurtenant portions of Foothill Drive, Foothill Circle, Blossom Hill Way, Blossom Hill Circle, and Hillcrest Drive and Lots 13-37, inclusive (Phase 2) and the appurtenant portions of the above-named streets and Lots 43-61, inclusive (Phase 1) may be annexed to and become part of the project, subject to this Declaration, and subject to the jurisdiction of the Association without the assent of the Association or its members, on condition that:

(1) Date for Annexation: Any annexation pursuant to this section shall be made prior to the third anniversary of the issuance of the original public report for the immediately preceding phase of the project.

(2) Plan Approved: The annexation and development of additional parcels shall be in accordance with a plan of development approved by California's Department of Real Estate.

(1) Declaration of Annexation: A declaration of annexation shall be recorded covering the applicable portion of the property to be annexed. Said declaration may contain such complementary additions and modifications of this Declaration as may be necessary to reflect the different character, if any, of the added property, and as are not inconsistent with the scheme of this Declaration. The Declarant shall make a written commitment, at or before the time any annexation document is recorded, to pay to the Association, concurrently with the first conveyance of a lot in an annexed phase, appropriate amounts for reserves for replacement or deferred maintenance of common area improvements in the annexed phases necessitated by or arising out of the use and occupancy of lot residences under a rental program conducted by the Declarant which has been in effect for a period of at least one (1) year as of the date of the first conveyance of a lot in the annexed phase.

B. Annexation Pursuant to Approval: Upon approval in writing of the Association, pursuant to vote or written consent of a two-thirds (2/3) majority of the voting power of its members, other than the Declarant, the Association and the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Declaration of Annexation in the manner described in Section A. 3.

C. Effect of Annexation: Upon such annexation becoming effective, all of the property so annexed shall become subject to the recorded Declaration and any amendments thereto describing such property, Articles, By-Laws and current Rules of the Association, with the same force and effect as if the annexed property was originally a part of the property described herein.

Voting specifications set forth in the Declaration, By-laws, and Articles shall apply to the entire number of votes of all annexed phases.

Assessments collected from owners of the property may be expended by the Association without regard to the particular phase from which such assessments came. All owners shall have ingress and egress to and use of all portions of the common areas throughout the project, subject to the provisions of this Declaration, the By-laws, the Articles, and the Rules of the Association currently in effect.

D. Quality of Construction: Future improvements to the project will be consistent with initial improvements in terms of quality of construction.

Section 3. Partition Prohibited: The common area (Lot A) will remain undivided as set forth above. No owner shall bring any action for partition. It is agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the project. Judicial partition by sale of a single lot owned by two or more



persons and division of the sale proceeds is not prohibited hereby but physical partition of a single Lot is prohibited.

**Section 4. Common Area Ownership:** Prior to the conveyance of title to the first lot, Declarant shall convey to the Association the fee simple title to the Common Area (Parcel "A" and that portion of the private streets appurtenant to Phase I) free and clear of all liens and encumbrances, except current real property taxes, which shall be protected to date of transfer and reservations, easements, covenants, conditions and restrictions, then of record, including those in this Declaration. Every owner shall have a right and easement of enjoyment in and to the common area which shall be appurtenant to and shall pass with the title to every lot and residence subject to the provisions in this Declaration. In the event of annexation of Phase II and/or Phase VII, in accordance with this Declaration, the portions of Foothill Drive, Foothill Circle, Blossom Hill Way, Blossom Hill Circle and Hillcrest Drive appurtenant to that phase shall be added to the Homeowners Association as Common Area at the commencement of each phase.

**Easement and Subsidy Agreement:** Declarant shall record an Easement and Subsidy Agreement simultaneously with the recordation of this declaration, setting forth the easement rights, maintenance obligations, development restrictions, etc. of those appurtenant portions of Foothill Drive, Foothill Circle, Blossom Hill Way, Blossom Hill Circle and Hillcrest Drive and those lots in the proposed Phases 2 (Lots 13 through 37, inclusive) and Phase 3 (Lots 43 through 61, inclusive).

### ARTICLE III

#### HOMEOWNERS ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS

**Section 1. Organization :** The Association is a Non-Profit Mutual Benefit Corporation charged with the duties and empowered with the rights set forth herein and in the By-Laws and Articles of Incorporation. Its affairs shall be governed by this Declaration, the Articles, the By-Laws and the Rules of the Association. In the event that the Association as a corporate entity is dissolved, a non-profit, unincorporated association shall forthwith and without further action or notice be formed to succeed to all the rights and duties of the Association. The affairs of such unincorporated association will be governed by the laws of the State of California and, to the extent consistent therewith, by this Declaration, the Articles and the By-Laws of the Association as if they were created for the purpose of governing the affairs of an unincorporated association.

**Section 2. Membership:** The owner of a Lot shall automatically, upon taking title to a Lot, be a member of the Association and shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the

Association will automatically cease. Membership is to be held in accordance with the Articles and By-Laws of the Association.

**Section 3. Transferred Membership:** Membership in the Association may not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the Lot to which it is appurtenant, and then only to the purchaser, in the case of a sale, or mortgagee, in the case of an encumbrance of such a Lot. A mortgagee does not have membership rights until he becomes an owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer is void.

**Section 4. Voting Classes:** The Association shall have two (2) classes of voting membership:

**Class A:** Class A members shall be all owners with the exception of the Declarant, and Class A members shall be entitled to one vote for each Lot owned. When more than one person holds an ownership interest in any Lot all such persons shall be members; provided, however, that with respect to any matter requiring the vote or consent of members, no more than one vote shall be cast with respect to any Lot. The vote for such Lot shall be exercised as the members holding an interest in such Lot among themselves determine. In the event of disagreement, the decision of members holding a majority of interest in such Lot shall govern. In the event two or more persons have equal interests in a Lot, the vote shall be determined by a coin flip.

**Class B:** The Class B member(s) shall be the Declarant, and Declarant shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

1. when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
2. the second anniversary of the original issuance of the most recently issued subdivision public report for a phase of the project from the California Department of Real Estate but no later than:
3. the fourth anniversary of the original issuance of the subdivision public report for the first phase of the project.

Any action by the Association (with the exception of enforcing a bond) which must have the approval of the members other than the Declarant before being undertaken shall require the vote or written assent of fifty-one percent (51%) of each class of membership during the time that there are two outstanding classes of membership. When only a single class exists after conversion of Class B to Class A, any action by the Association which is subject to the approval of members other than the Declarant shall

require the vote or written assent of fifty-one percent (51%) of the total voting power of the Association as well as the vote or written assent of the total voting power of members other than the Declarant.

Voting rights attributable to Lot ownership shall not be vested until assessments against the particular Lot have been levied by the association.

**Section 5. Voting Procedures and Meetings:** Voting procedures and the notice, quorum requirements and location of meetings of the Association shall be as provided for in the By-Laws.

**Section 6. Board of Directors:** The Board shall undertake all duties and responsibilities of the Association and the management and conduct of the affairs thereof, except as expressly is reserved herein to a vote of the Members. The initial Board of the Association consisting of three (3) Directors shall be appointed by Declarant. Such Board shall hold office until the first regular meeting of the members is held pursuant to the By-Laws. At said meeting a new Board of three (3) Directors shall be elected by secret written ballot to serve until the next regular annual meeting of the Association members or until their successors are elected. The number of Directors may be changed by amendment of the By-Laws.

#### ARTICLE IV

##### DUTIES AND POWERS OF THE ASSOCIATION

**Section 1. Duties:** In addition to the duties enumerated in its By-Laws or elsewhere provided for in this Declaration, and without limiting the generality thereof, the Association shall perform the following duties:

**Subsection 1.1 Common Area and Lot Maintenance:** The Association shall replace, repair and maintain the common area, including any improvements, utilities and facilities located thereon.

Each Lot owner shall be responsible for the maintenance and repair of those sewer lines lying within the boundaries of his Lot.

**Subsection 1.2 Insurance:** The Association (or Declarant until the election of the first Board) shall purchase and maintain the following insurance policies:

(a) A master blanket comprehensive liability bodily injury and property damage policy insuring the interests of the Board and the Owners against public liability as a result of their

ownership of the common area with a combined single limit of not less than One Million Dollars (\$1,000,000.00) per occurrence (such limits and coverage shall be reviewed at least annually by the Board and increased at its discretion). Such policy shall be maintained with respect to the common area and the structures, if any, owned in common by the Owners. Such policy shall provide for a cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his action against another named insured. Such policy or policies shall also contain a provision requiring the insurer to defend any suit against any insured, even if the allegations are fraudulent, but authorizing the insurer to make such investigation and settlement of any claim or suit within the policy limits as it deems expedient. Such liability insurance shall not cover the personal bodily injury and property damage exposure of the individual Owner within his lot or in any other lot in the development or upon any common area resulting from the negligence of the Owner. Obtaining such insurance coverage by each Owner is optional;

(b) A policy of insurance covering all buildings, structures, furnishings, equipment and personal property owned in common by the Owners, if any, or by the Association for the interests of the owners, and all the Owners and mortgagees, as their interests may appear in an amount that shall be at least equal to one hundred percent (100%) of the full insurable replacement value of all of them against the perils covered by California Standard Fire Policy, Extended Coverage Endorsement (or its equivalent). Such policy shall name as insureds Declarant, the Association, all Owners and mortgagees to the extent of their insurable interests, if any; first mortgagees of residences shall be entitled to ten (10) days prior notice of cancellation of such policies. Such insurance shall not cover personal household contents;

(c) Workers' Compensation Insurance shall at all times be carried as required by law with respect to the employees, if any, of the Association;

(d) A fidelity bond or insurance covering loss or theft of funds, naming the Manager and such other persons as may be designated by Declarant as principals and the Owners as obligees in an amount equal to at least one-half (1/2) of the estimated cash requirement of the Association for the succeeding year;

Should the Board, despite its reasonable efforts to do so, be unable to obtain insurance coverage meeting all of the specifications set forth above, it shall observe such specifications as closely as possible, and where forms of coverage or insuring agreement specified above are unavailable, the Board shall substitute available forms of coverage and insuring agreements which in its judgment are the nearest equivalent to those specified;

Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Owners and their mortgagees subject to the provisions of these Restrictions, as their interest may appear; provided, however, whenever repair or reconstruction is required the proceeds of any insurance received by the Association as a result of any loss shall be applied to such repair or reconstruction. Upon the vote or written assent of a majority of the voting power of the Association residing in members other than Declarant, the Board shall levy a special assessment against all Owners to make up for any deficiency in making necessary repairs or reconstruction;

Each Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the Master Policy. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Owners and their respective mortgagees (subject to the provisions of these Restrictions) as their interests may appear, to execute releases of liability and to execute documents and to do all things on behalf of the Owners as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters. The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any residence nor the liability of any Owner for occurrences therein not caused by or connected with the Association's operation, maintenance, or use of the common area.

**Subsection 1.3 Discharge of Liens.** The Association shall discharge by payment, if necessary, any lien against the common area, and charge the cost thereof to the member or members responsible for the existence of said lien. Prior to any Board decision to discharge a lien, the Owner shall be given written notice and an opportunity for a hearing before the Board in order to present any defenses which may exist.

**Subsection 1.4 Assessments** The Association shall fix, levy, collect and enforce assessments as set forth in Article V hereof.

**Subsection 1.5 Payment of Expenses:** The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association.

**Subsection 1.6 Enforcement:** The Association shall enforce this Declaration, the By-laws, and the Articles of Incorporation.

Subsection 1.7 Budget and Annual Report: Regardless of the number of members or the amount of assets of the Association, the Board shall prepare and maintain books, financial statements, etc. in accordance with the provision of the By-laws, Article V, Section 2, Subsection 2.3.

Section 2. Powers: In addition to the powers enumerated in its Articles and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the following powers:

Subsection 2.1 Easements: The Association shall have authority to grant easements where necessary for utilities and sewer facilities over the common area to serve the common area and the Lots.

Subsection 2.2 Access: The Board and its agents or employees shall have the exclusive right to enter a residence as necessary in connection with construction, maintenance or emergency repair for the benefit of the common area or owners in common. Except in case of emergency, forty-eight (48) hours notice shall be given to the Owner or occupant.

Subsection 2.3 Manager: The Association shall have the authority to employ a manager or other persons and to hire independent contractors or employees to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a firm or person appointed as a manager or managing agent, or any contract providing for services by the developer, sponsor or builder, shall not exceed a one (1) year term, shall provide for termination by either party without cause on ninety (90) days or less written notice, and shall provide for the right of the Association to terminate the same for cause on thirty (30) days' written notice.

Subsection 2.4 Association Rules: The board may, from time to time, and subject to the provisions of this Declaration, adopt such Rules as the Board may deem necessary for the management of the Project, in accordance with the provisions of the By-laws, Article V, Section 1, Subsection 1.1.

A copy of the Rules so adopted shall be furnished to each Owner, and each Owner, his family, guests, employees, invitees, licensees and tenants shall comply with such Rules.

Subsection 2.5 Enforcement of Rules and Restrictions: The Board shall have the power, obligation and duty to enforce the provisions of this Declaration, the By-Laws and the Rules. In the event of a breach of any of the restrictions contained in this Declaration or of any Rules by an Owner, his family, guests, employees, invitees, licensees or tenants, the Board may enforce the obligations of each Owner to obey such Rules or restrictions in any manner provided by law or in equity, including but not limited to, appropriate legal action, suspension of the Owner's voting right and right to use the common facilities of the

Project; provided, however, such suspension may not be for a period in excess of thirty (30) days, and may not be imposed without notice and hearing as herein provided, for an infraction of such Rules. In addition to the other remedies herein set forth, the Board, by majority vote, may levy a fine against such Owner, after appropriate notice and hearing as herein provided, in an amount not to exceed Fifty Dollars (\$50.00) for each such violation. The right to levy fines, hold disciplinary hearings or otherwise impose discipline on members under this section is vested solely in the Board and may not be delegated to any Director, officer, or manager or other employees of the Board or Declarant.

Prior to making any decision that a breach has occurred or to impose any penalty provided herein for breach of any Rules enacted hereunder or restrictions contained in this Declaration, the Board shall send written notice to the Lot Owner specifying the nature of the infraction and provide an opportunity to the Lot Owner for a hearing before the Board regarding such infraction and the penalty to be imposed. In the event that the Board determines that an infraction has occurred and that a penalty shall be imposed, after a reasonable opportunity for a hearing has been provided, the determination of the Board shall be final.

Notwithstanding anything to the contrary in this Declaration, neither the Board nor the Association of Members shall have the power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually owned Lot including access thereto over and across the Common Area, because of such Owner's failure to comply with the provisions of this Declaration or of the By-Laws or any Rules adopted by the Association except when such loss or forfeiture is the result of a judgment of a court, a decision out of arbitration or on account of a foreclosure, or under the power of sale granted herein for failure of the Owner to pay the assessments levied pursuant to the provisions of this Declaration. In the event legal action is instituted by the Board pursuant to this section, any judgment rendered in any such action shall include costs of collection, court costs and reasonable attorneys' fees.

A monetary penalty imposed by the Association as a disciplinary measure for failure of a member to comply with the governing instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities for which the member was allegedly responsible or in bringing the member and his lot into compliance with the governing instruments may not be characterized nor treated in the governing instruments as an assessment which may become a lien against the member's lot enforceable by a sale of the lot in accordance with Sections 2924, 2924(b) and 2924(c) of the California Civil Code.

The provisions of the above paragraph do not apply to charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse

the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent assessments.

**Subsection 2.6 Acquisition of Property:** The Association shall have the power to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association. However, except with the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant, the Board is prohibited from (1) 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 and (2) 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.

**Subsection 2.7 Loans:** The Association shall have the power to borrow money and, with the assent (by vote or written consent) of three-fourths (3/4) of each class of members, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

**Subsection 2.8 Dedication:** The Association shall have the power to dedicate, sell 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 members. No such dedication or transfer shall be effective unless an instrument has been signed by three-fourths (3/4) of each class of members, other than the Declarant or three-fourths (3/4) of the total voting membership other than Declarant after conversion to a single class of members, agreeing to such dedication, sale or transfer.

**Subsection 2.9 Contracts:** The Association shall have the power to contract for goods and/or services for the common area(s), for the common facilities or interests of the owners or for the Association, subject to limitations elsewhere set forth in the planned development documents.

**Subsection 2.10 Delegation:** The Association shall have the power to delegate its authority and powers to committees, officers or employees of the Association. However, the authority to levy fines, hold hearings, impose discipline, make capital expenditures, file suit on behalf of the Association, record a claim of lien or institute foreclosure proceedings for failure to pay assessments, may not be delegated to an officer, employee or committee.

**Subsection 2.11 Power of Attorney:** Each owner, for himself, his successors and assigns, shall be deemed upon



purchasing his Lot to have appointed the officers of the Association, or any of them, as his true and lawful attorney, in his name, place and stead, to prosecute, settle and/or release any claims arising out of the owners' acquisition and/or joint ownership of the common areas of the project. Such power shall be utilized only upon express authorization of the Board given by resolution adopted by the Board at a meeting for which all members are given advance written notice specifying the nature of the proposed action for which the power of attorney is to be utilized.

## ARTICLE V

### ASSESSMENTS

Section 1 Covenants for Maintenance Assessments: Declarant hereby covenants and agrees for each Lot owned by it within the Project, and each Owner of any Lot by acceptance of a deed is deemed to covenant and agree, to pay to the Association the assessments levied pursuant to this Article. Declarant and each Owner thereby vest in the Association the right to bring all actions for the collection of such charges and for the enforcement of the lien created hereby. Such right remains with the Association and such obligations run with the land so that each successive Owner or Owners of record of a Lot in the Project will become liable to pay all assessments which become a lien during the time they are the record Owner of any Lot in the Project.

Each assessment levied by the Association under this Article constitutes a separate assessment. Each assessment, together with interest thereon, costs of collection and reasonable attorneys' fees, will be a charge on the Lot and be a continuing lien upon the Lot against which each such assessment is made. The Association, as the agent of all Lot Owners, has a separate lien, and a separate lien with power of sale is hereby created, upon each Lot against which an assessment is made to secure the payment of any assessments under this Article. Each such lien for any particular month's charge will also secure interest thereon, if the same is not paid when due, and costs of suit and reasonable attorneys' fees to be fixed by the court if action or suit is brought to collect such charge. The priority of all such liens shall be in inverse order so that upon foreclosure of the lien for a particular month's charge, any foreclosure sale pursuant thereto will be made subject to all liens securing the respective monthly charge on such Lot for succeeding months.

Each assessment, together with interest, attorneys' fees and costs of collection, shall also be a separate, distinct and personal obligation of the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments will not pass to a Lot Owner's successor in title

unless expressly assumed by such successor, but the lien for such delinquent assessment shall remain and, if unpaid by such successive Lot Owner, may be foreclosed as provided in this Declaration. After a record Owner transfers record title to his Lot he will not be liable for any charge thereafter assessed against such Lot. A contract seller of any Lot will continue to be liable for all such charges until a conveyance by him of the Lot subject to the assessment is recorded in the Office of the Monterey County Recorder.

**Section 2 Regular Monthly Assessments:** The Board shall establish regular monthly assessments for operation and maintenance of the Project by the procedures established in this Section. The assessments for the first phase shall be due and payable in monthly installments on the first day of each month commencing on the first day of the first month following the first conveyance of a Lot (under authority of a public report) in the first phase. The assessments in each successive phase shall commence on the first day of the first month following the first conveyance of a Lot in that phase. Regular assessments shall be levied equally upon all Lots within the Project.

Not less than sixty (60) days prior to the beginning of each fiscal year, the Board shall estimate the total charges to be paid out of the maintenance fund during such year (including a reasonable reserve for contingencies) and distribute a copy of a pro forma operating statement (budget) to each member; provided, however, that the Board may not, without the prior vote or written consent of a majority of each class of Members of the Association, impose a regular annual assessment per Lot which is more than twenty percent (20%) greater than the regular assessment per Lot for the immediately preceding fiscal year. All funds budgeted, allocated, assessed and collected for deferred maintenance and capital improvements shall be designated and used solely for those specific purposes.

Within one hundred and twenty (120) days after the end of each fiscal year, the owners shall receive an accounting of assessment receipts and disbursements for that fiscal year.

**Section 3 Special Assessments:** In addition to the regular assessments authorized herein, the Board may levy, in any fiscal year, a special assessment applicable to that year for capital improvements, correction of inadequacy of the maintenance fund, defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of improvements in the common area and such other matters as the Board may deem appropriate; provided, however, that within any fiscal year the aggregate of such special assessments shall not exceed five percent (5%) of the budgeted gross expenses for that fiscal year without the assent of the membership in accordance with the voting requirements of Article III, Section 4 of this Declaration. Any such special assessment shall be levied among all Lots in equal amounts except that a special assessment for

major repair or reconstruction shall be based upon the ratio of the square footage of the residence of the Lot to be assessed to the total square footage of the residence of all Lots to be assessed.

**Section 4 Reimbursement Charges:** The Board shall levy a reimbursement charge against any Owner and the Lot owned by such Owner whose failure to comply with this Declaration, the By-Laws or the Rules has necessitated an expenditure of monies by the Association from the maintenance fund to bring such Owner and Lot into compliance with said instruments or in otherwise performing its functions under this Declaration. Such charge shall be for the purpose of reimbursing the Association and shall be due and payable to the Association when levied.

**Section 5 Non-Waiver of Assessments:** The omission by the Board, before the expiration of any year, to fix the assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration or a release of any Lot Owner from the obligations to pay the assessments, or any installment thereof, for that or any subsequent year. In the instance of such omission, the assessment fixed for the preceding year shall continue until a new assessment is fixed. No Lot Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area, abandonment of the Lot or any attempt to renounce rights in the common area.

**Section 6 Enforcement:** Each Owner of a Lot, upon becoming such Owner, shall be deemed to covenant and agree to pay to the Association every assessment provided for in this Declaration and shall be deemed to agree to the enforcement of all such assessments in the manner specified herein. Any imposition of a late charge levied by the Association for the delinquent payment of regular and special assessments to defray expenses and "enforcement" assessments or penalties imposed upon an Owner for failure to comply with this Declaration, the By-laws, Articles or Rules, shall be subject to the provisions of the California Civil Code Section 1725. In the event an attorney is employed for collection of any assessment or to enforce compliance with the terms and conditions of this Declaration, each Lot Owner agrees to pay reasonable attorneys' fees and any other costs thereby incurred, in addition to any other amounts due or any other relief or remedy to which the Association is entitled. Any assessment not paid when due will be deemed to be delinquent. Any assessment not paid within thirty (30) days after the date on which it becomes due shall thereafter earn interest from the date of delinquency at the rate of one and one-half percent (1 1/2%) per month on so much of the outstanding balance as does not exceed one thousand dollars (\$1,000.00), one percent (1%) per month on the excess over one thousand dollars (\$1,000.00) of the outstanding balance, and if the late charge so computed is less than ten dollars (\$10.00) for any month, the charge shall be ten dollars (\$10.00). In addition to any other remedies herein or by law provided, the Association, or its authorized representative,

may enforce the obligations of the Owners to pay the assessments provided for in this Declaration, and each of them, in any manner provided by law or in equity, by either or both of the following procedures.

**Subsection 6.1 Enforcement by Suit:** The Association may commence and maintain a suit at law against any Lot Owner or Owners personally obligated to pay assessments for such delinquent assessments and such suit will be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon, costs of collection, court costs and reasonable attorneys' fees in such amount as the court may adjudge against the delinquent Lot Owner. Suit to recover judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien provided for in the following Subsection. The Association may not recover more than once in connection with a single delinquent assessment.

**Subsection 6.2 Enforcement by Lien:** There is a present lien, with power of sale, on each Lot to secure payment to the Association of any and all assessments levied against such Lot pursuant to this Declaration, together with interest thereon, and all costs of collection which may be paid or incurred by the Association including reasonable attorneys' fees. No action shall be brought to foreclose the lien securing an unpaid assessment until a Notice of Assessment Due signed by the Board or its designated representative, or by any Lot Owner if the Board fails or refuses to act, has been delivered to the Owner of the Lot subject to such assessment, and a copy of such notice recorded in the Office of the Recorder of the County in which the Project is situated. Said notice shall state the amount of the assessment together with the interest, costs and reasonable attorneys' fees, a description of the Lot against which the assessment has been made and the name or names of the record Owner or Owners thereof. After the expiration of thirty (30) days from the date such Notice of Assessment Due has been recorded, an action may be commenced in the name of the Association to foreclose the lien, or such action may be commenced by any Owner if the Association fails to act. Upon the declaration of an assessment and the recording of notice thereof, the Association may, at its option, declare the entire balance of all sums then due from the Owner due and payable, which total sum may then be included in any suit, action or proceeding brought to collect said sum, including all costs, charges and attorneys' fees. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created hereunder, whether judicially, by power of sale or otherwise, until the expiration of ten (10) days after a copy of said Notice of Assessment Due, showing the date of recordation thereof, has been mailed to the Owner of the Lot which is described in such Notice.

Each Owner does hereby waive, to the extent of any liens created pursuant to the Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect, or in effect in the future.

**Section 7 Power of Foreclosure and Sale:** Each of the Lot Owners does hereby appoint the Association, as trustee, to enforce any lien created pursuant to this Declaration and to foreclose such lien by means of any available current California statute, as such statutes may be revised, amended or altered from time to time, or by judicial foreclosure, and does further grant the Association, as such trustee, the power to sell the Lot of any such defaulting Owner, or any part thereof, for lawful money of the United States, to the highest bidder to satisfy such lien.

The lien provided for herein shall be in favor of the Association, shall be for the benefit of all Lot Owners and shall secure payment of all sums set forth in the Notice of Assessment together with all sums becoming due and payable in accordance with this Declaration after the date of recordation of said Notice of Assessment. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Lot. In the event such foreclosure is by action in court, reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law.

**Section 8 Transfer of Lot by Sale or Foreclosure:** Sale or transfer of any Lot shall not affect the assessment lien. However, the sale of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer (except for assessment liens recorded prior to the mortgage). No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Where the mortgagee of a first mortgage of record or other purchaser of a Lot obtains title to the same as a result of foreclosure of any such first mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer (except for assessment liens recorded prior to the mortgage). No amendment of the preceding sentence may be made without the consent of institutional lenders in accordance with the provisions of Article IX of this Declaration. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lots including such acquirer, his successors and assigns.

In a voluntary conveyance of a Lot the grantee and the grantor shall be jointly and severally liable to the Association for all unpaid assessments against the Lot for the grantor's share of the common expenses up to the time of the grant or conveyance,

without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Association, setting forth the amount of the unpaid assessments against the grantor due the Association and such grantee shall not be liable for, any unpaid assessments made by the Association against the grantor in excess of the amount set forth in the statement provided however, the grantee shall be liable for any such assessment becoming due after the date of any such statement.

**Section 9 Release of Lien:** Upon payment of the delinquent assessment or the satisfaction thereof, the Association shall record, in the same manner as the Notice of Assessment, a further certificate stating the satisfaction and release of the lien.

**Section 10 Status of Assessment Lien:** Upon request by any Lot Owner, the Association will furnish, for the benefit of any prospective purchaser or present or prospective encumbrancer of such Lot a statement showing all amounts then due which are secured by such lien. A reasonable fee, not to exceed Fifty Dollars (\$50.00), may be charged for the preparation of such statement.

**Section 11 Subordination of Lien to Encumbrance:** Notwithstanding any provision to the contrary in this Declaration, the lien for assessments created by this Declaration shall be subject and subordinate to and shall not affect the rights of the holder of any recorded first mortgage or first deed of trust upon such Lot made in good faith and for value. In the event any lien imposed under the provisions hereof is destroyed by reason of the foreclosure of any mortgage or deed of trust on the Lot subject to such lien, there shall be a lien on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, charged to such Lot after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided herein.

For purposes of this Section, a mortgage or deed of trust may be given in good faith or for value even though the mortgagee or the beneficiary of such mortgage or deed of trust has constructive or actual knowledge of the assessment lien provisions of this Declaration.

No amendment of this Section shall affect the rights of the holder of any mortgage or deed of trust recorded prior to recordation of such amendment unless the mortgagee or beneficiary joins in the execution of such amendment.

**Section 12 Association Funds:** The assessments collected by the Association shall be held in trust by the Association for and on behalf of each Lot Owner and shall be used solely for the operation, care and maintenance of the Project as provided in this Declaration. The Board shall allocate a portion of said

funds as collected for the annual maintenance and operation of the Project as specified in the annual budget and the Board shall allocate a portion of said funds as collected as reserves for contingencies, replacement and deferred maintenance of the capital improvements of the Project as specified in the annual budget. Said funds shall be deposited, as allocated, into the appropriate bank accounts and said accounts shall be separately maintained by the Association. Upon sale or transfer of any lot by any Owner, the Owner's interest in the trust funds shall be deemed automatically transferred to the successor or transferee of such Owner.

In the event that the Board retains a professional management service, the Board may delegate the authority to deposit or withdraw funds to responsible representatives of the professional management agent so retained. The professional management agent may additionally be authorized to establish a common trustee account for deposit of assessments as collected. Any funds deposited in such a common trustee account shall be allocated as previously specified herein.

**Section 13 Books of Account:** The board shall maintain full, complete and correct books of account of the operation of the Project and vouchers supporting expenditures. Any Lot Owner, or the duly authorized representative thereof, may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Association.

## ARTICLE VI

### EASEMENTS

**Section 1 Generally:** There are hereby specifically reserved for the benefit of the Lots and Lot Owners, in common and for each Lot and Lot Owner severally, and for the Association, as their respective interests apply, the easements, reciprocal negative easements, secondary easements and rights of way as particularly identified in this Article.

**Section 2 Easements for Utilities and Maintenance:** The rights and duties of the owners of Lots within the Project with respect to sanitary sewer, water, electricity, gas and telephone lines and facilities, and heating facilities shall be as follows:

(a) Whenever sanitary sewer, water, electricity, gas, television reception, telephone lines or connections are installed within or upon any Lots owned by other than the owner of a Lot served by said connections, the owners of any Lot served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefore, to enter upon the Lot to repair, replace and generally maintain said connections as and when necessary.

(b) Whenever sanitary sewer, water, electricity, gas, or telephone lines or connections are installed within the property which connections serve more than one Lot the owner of each Lot served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his Lot.

(c) In the event of a dispute between owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

(d) Easements over and under the property for the installation, repair, and maintenance of electric, telephone, water, gas, and sanitary sewer lines and facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as shown on the recorded map of the property, are hereby reserved by Declarant and his successors and assigns, including the Association. Following the sale of the first unit, the Declarant and his successors and assigns shall only have those powers which result from his voting rights.

**Section 3 Ingress and Egress:** There is hereby reserved to each Lot, as dominant tenement, a non-exclusive easement appurtenant to each Lot over and across the Common Area, as servient tenement, for ingress, egress, use and enjoyment of said Common Area subject to the limitations provided in this Declaration and the recorded "Easement and Subsidy Agreement".

**Section 4 Encroachment Easements:** Each Lot within the property is hereby declared to have an easement over all adjoining Lots and the common area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the wilful misconduct of said owner or owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the owners of each Lot agree that minor encroachments over adjoining Lots or common area shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.



ARTICLE VII

USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the property and each Lot therein is subject to the following:

**Section 1 Lot Use:** Residents shall be limited as follows: No Lot shall be occupied and used except for residential purposes by the owners and their family members, tenants, and social guests, and no trade or business shall be conducted therein, except that Declarant, his successors or assigns, may use any Lot owned by Declarant for a model home site and display and sales office until the last Lot is sold by Declarant. No tent, shack, trailer, basement, garage, outbuilding or structure of a temporary character shall be used at any time as a residence, either temporarily or permanently.

**Section 2 Nuisances:** No noxious, illegal, or offensive activities shall be carried on in any Lot or residence nor on any part of the property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the owners of his respective Lot or which shall in any way increase the rate of insurance for the project, or cause any insurance policy to be cancelled or to cause a refusal to renew a policy, or which will impair the structural integrity of any building.

**Section 3 Vehicle Restrictions:** No trailer, camper, mobile home, commercial vehicle, truck (other than standard size pickup truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the property. Commercial vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles are unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the property. No off-road unlicensed motor vehicles shall be operated upon the property. A trailer, camper or motorhome may be not be used as a guest room, unless such use does not exceed six days per month, unless written permission has been granted by the Board.

**Section 4 Signs:** No signs shall be displayed to public view on any Lots or on any portion of the property except such signs as are approved by the Board. "For Sale" or "For Rent" signs shall be allowed provided they do not exceed six (6) square feet in size.

**Section 5 Animals:** No animals or birds of any kind, shall be raised, bred, or kept in any Lot or on any portion of the property, except that no more than two (2) usual and ordinary

household pets such as a dog, cat, bird, etc., may be kept so long as they are not kept for any commercial purpose, and provided they are kept under reasonable control at all times. No pet may be kept on the property which results in a nuisance as prohibited in Section 2 of this Article. No pets shall be allowed in the common area except as may be permitted by rules of the Board. No dog shall enter the common area except while on a leash which is held by a person capable of controlling it. Declarant or any owner may cause any unleashed dog found within the common area to be removed to a pound or animal shelter under the jurisdiction of the County of Monterey. No dog whose barking disturbs other owners shall be permitted to remain on the property. Owners shall prevent their pets from soiling any portion of the common area.

Prior to any decision by the Board pursuant to this section that an Owner is responsible for the maintenance of a nuisance or any decision to remove a pet from the Project, the Owner shall be provided with written notice specifying the nature of the infraction and an opportunity for a hearing before the Board. The remedies for an alleged nuisance shall not include any measures which may be characterized as "private self-help action" and any Board action in connection with this section shall be in compliance with the provisions of Article IV, Section 2.5 of this Declaration.

**Section 6 Garbage, Refuse Disposal, Etc.:** No owner or occupant of any Lot may place, store, or keep building materials or appliances (except during the course of construction or remodeling, which has been approved by the Architectural Control Committee) or other materials of any nature upon any Lot which detract from the residential character and aesthetic appearance of the neighborhood, nor shall Owner or occupant place, store, or keep unsightly boxes, bottles, or cans on the premises. No rubbish, trash, weeds, garbage, or other waste material shall be kept or permitted on any Lot or on the Common Area, except in sanitary containers located in appropriate areas concealed from public view. All clotheslines, refuse containers, woodpiles, storage areas and machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining lots and streets by a fence or appropriate screen approved by the Architectural Control Committee.

**Section 7 Fences, Hedges, etc.:** No fence, hedge, wall, or other dividing instrument shall be constructed or maintained upon any Lot or the Common Area except such as are installed in accordance with the initial construction of the buildings located thereon, or as approved by the Architectural Control Committee. Any request for Committee approval hereunder shall be acted upon by the Committee within thirty (30) days of such request. No fence, wall, hedge, shrub, bush, tree or other obstruction shall be permitted at street corners or at driveway entrances which will obstruct the sightlines for drivers so as to constitute a safety hazard.

**Section 8 Tree Removal:** No trees larger than six (6) inches in diameter measured at a height forty-eight (48) inches above the ground located upon the property subject to this Declaration shall be cut or removed without the prior written consent of the Architectural Control Committee which shall have the right to trim or cut any of said trees at any time to the extent it deems necessary to prevent such trees from obstructing the view of other property or from constituting a safety or fire hazard.

**Section 9 Radio and Television Antennas:** No alteration to or modification of the central television antenna system or any subsequent cable or other system for television reception as maintained by the Association, shall be permitted, and no owner may be permitted to construct and/or operate his own external radio and/or television antenna without the consent of the Board.

**Section 10 Right To Lease:** The Lots or residences thereon shall not be rented for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupants of the Lot are provided customary hotel service such as room service for food and beverage, maid service, or furnishing laundry and linen. Subject to the foregoing restrictions, the owners of the Lot shall have the absolute right to lease same provided that any lease shall be subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration and the Articles and By-Laws.

**Section 9 Clothes Lines:** No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes, without the approval of the Board.

**Section 10 Power Equipment and Car Maintenance:** No power equipment, hobby shops, or car maintenance (other than emergency work) shall be permitted on the property except with prior written approval of the Board. Approval shall not be unreasonably withheld and in deciding whether to grant approval the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

**Section 11 Liability of Owners for Damage to Common Area:** The owner of each Lot shall be liable to the Association for all damages to the common area or improvements thereon caused by such owner or any occupant of his Lot or guest, except for that portion of said damage, if any, fully covered by insurance. Liability of an owner shall be established only after notice to the owner and a hearing before the Board.

**Section 12 Lot Appearance:** All Lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent them from becoming unsightly by reason of unattractive growth on such Lot or the accumulation of rubbish or debris thereon and to prevent the occurrence of any health hazard. In the event any such Lot

or improvement thereon is not so maintained, the Association shall have the right, through its agents and employees, to enter thereon for the purpose of maintenance, restoration or repair, the cost of which shall be added to and become a part of the annual assessment and charge to which such Lot is subject and which, if not paid when due, shall become a lien, thereon in the same manner as herein provided.

Section 13 Common Area: No motorcycles, bicycles, scooters, or similar vehicles shall be permitted on the Common Area except in any area that may be specifically designated for that purpose by the Association. No Owner shall store anything in the Common Area without prior written consent of the Association, except as herein provided.

#### ARTICLE VIII

##### ARCHITECTURAL CONTROL

Section 1. Prior Written Approval Of Improvements: All plans and specifications for any structure or improvement whatsoever to be erected on or moved to any Lot, and the proposed location thereof on any Lot or Lots, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof, and any remodeling, reconstruction, alterations, or additions thereto on any Lot shall be subject to and shall require the approval in writing of the Architectural Control Committee ("Committee") as the same is from time to time composed, before any such work is commenced.

Section 2 Appointment, Removal and Term of Office: Declarant shall appoint all replacements to the Architectural Control Committee until the first anniversary of the issuance of the original Final Subdivision Public Report for the Project. Declarant shall have the right to appoint and remove a majority of the members of the Architectural Committee until such time as the Lot Owners other than Declarant own ninety percent (90%) or more of the Lots within the Project or five (5) years after the issuance of the original Final Subdivision Public Report of the Department of Real Estate for the Project, whichever occurs first. After one year from the date of issuance of the original Final Public Report for the Project, the Board shall have the right to appoint one member to the Committee. When Declarant waives or no longer has the right to appoint and remove the members of the Committee, said right shall be vested solely in the Board. All members appointed by the Board shall be Lot Owners. Exercise of the right of appointment and removal, as set forth herein, shall be evidenced by the specification in the Minutes of the Association of each new Committee member appointed and each member replaced or removed from the Architectural

Committee. Vacancies on the Architectural Committee, however caused, shall be filled by the Declarant or the Board, whichever then has the power to appoint members.

**Section 3. Committee Membership:** The Committee shall be composed of three (3) members to be appointed by Declarant. Committee members shall be subject to removal by Declarant and any vacancies from time to time existing shall be filled by appointment of Declarant, or in the event of Declarant's failure to so appoint within two (2) months after any such vacancy, then by the Board of Directors of the Association. When ninety percent (90%) of the Lots in the properties shall have been sold by Declarant, the Board of Directors of the Association shall have complete control of the appointment and removal of Committee members.

**Section 4. Submittal Of Plans:** There shall be submitted to the Committee two (2) complete sets of plans and specifications for any and all proposed improvements, the erection or alteration of which is desired, and no structure or improvements of any kind shall be erected, altered, placed, or maintained upon any Lot unless and until the final plans, elevations, and specifications therefor have received such written approval as herein provided. Such plans shall include plot plans showing the location on the Lot of the building, wall, or other structure proposed to be constructed, altered, placed, or maintained, together with the proposed to be constructed, altered, placed, or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof and proposed landscape planting. As a guideline each residence shall contain a minimum square footage of eighteen hundred (1800) square feet, exclusive of the garage area. However, the Committee may waive this requirement under special circumstances.

**Section 5. Filing Fee:** As a means of defraying its expenses, the Committee may institute and require a reasonable filing fee to accompany the submission of plans to it. No additional fee shall be required for resubmission of plans revised in accordance with Committee recommendations.

**Section 6. Approval Of Plans:** The Committee shall approve or disapprove plans, specifications, and details within thirty (30) days from the receipt thereof or shall notify the person submitting them that an additional period of time, not to exceed thirty (30) days, is required for such approval or disapproval. Plans, specifications, and details not approved or disapproved within the time limits provided herein shall be deemed approved as submitted. One (1) set of said plans and specifications and details with the approval or disapproval endorsed thereon shall be returned to the person submitting them and the other copy shall be retained by the Committee for its permanent files. Note: Approval of plans by the Committee does not relieve builder of the necessity of obtaining a building permit from the County of Monterey.

Section 7. Non-responsibility For Defects: Notwithstanding the approval by the Committee, Declarant, its agents, employees, or independent contractors, in accordance with the foregoing provisions, of any plans or specifications for any structure or improvement, each person submitting such plans or specifications shall be solely responsible for the sufficiency thereof. Accordingly, by acceptance of a Grant Deed to any Lot from Declarant, the grantee and his successors or assigns hereby and thereby release the Committee, Declarant, its agents, employees and independent contractors from all loss or damage or claim therefor arising from any defect or alleged defect in such plans and specifications; and the grantee further waives the benefit of Section 1542 of the California Civil Code. Also, the grantee agrees to indemnify, hold harmless, and defend the Committee, Declarant, its agents, employees and independent contractors from any claim asserted by third parties arising out of any such defects. Nothing contained in this Section 7 of the Architectural Control Section is intended to deprive any party affected thereby of any constitutional or other right of due process.

Section 8. Conformity And Harmony Of External Design: Approval shall be based upon conformity and harmony of external design and color with existing structures in the subdivision; location of the structures with respect to finished ground elevation and topography; preservation of view and aesthetic beauty; and conformity with the purpose and intent of this Declaration. It is the specific intent and purpose of the Architectural Control Section, among other things, to provide control by the Association over grading and excavation so as to preserve as far as practicable the natural beauty of the property subject to this Declaration, to preserve the natural terrain and topography, to prevent erosion and to secure and encourage the erection of attractive and well-designed homes thereon. Approval shall not be given so as to permit the erection, construction, or maintenance of any dwelling, house, building, fence, roof, exposed wiring, wall, outbuildings, bulkhead, retaining wall, deck or other structure which will incorporate therein materials, colors, finish, proportions, architecture, design, style, or pitch of roof, which will render said Lot or improvements discordant or inharmonious with the other lots or structures in the Project.

Section 9 Appeals: Decisions of the Architectural Committee may be appealed to the Board of Directors in writing. Such appeals must be made within ten (10) days of receipt of the decision.

ARTICLE IX

MORTGAGEE RIGHTS AND PROTECTION

Notwithstanding any other provisions of this Declaration to the contrary:

**Section 1 Mortgage Permitted:** Any Lot Owner may encumber his Lot with a mortgage. For purposes of this Declaration a "mortgage" means a deed of trust as well; and a "mortgagee" also means the beneficiary under a deed of trust. A "first mortgage" similarly also means "a first deed of trust".

**Section 2 Subordination:** Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first mortgage that encumbers all or a portion of the Project, or any Lot made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such first mortgage unless the mortgagee expressly subordinates his interest, in writing, to such lien.

**Section 3 Amendment:** No amendment to this Declaration, the Articles or the By-Laws shall affect the rights of any mortgagee under any mortgage made in good faith and for value and recorded before the recordation of any such amendment unless the mortgagee either joins in the execution of the amendment or approves it in writing as a part of such amendment.

**Section 4 Restrictions on Certain Changes:** Amendments of a material nature must be agreed to by Lot owners representing sixty-seven percent (67%) of the total voting power of the Association. In addition, approval must be obtained from eligible mortgage holders representing fifty-one percent (51%) of the votes of Lots that are subject to mortgages held by eligible holders. A change to any of the following would be considered as material:

- (a) voting rights;
- (b) assessments, assessment liens, or subordination of assessment liens;
- (c) reserves for maintenance, repair and replacement of common areas;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests in the general or restricted common areas, or rights to their use;
- (f) boundaries of any Lot;
- (g) convertibility of Lots into common areas or vice versa;
- (h) expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project;
- (i) insurance or fidelity bonds;
- (j) leasing of any residences within any Lots;

- (k) imposition of any restrictions on a lot owner's right to sell or transfer his lot;
- (l) a decision by the Association to establish self-management when professional management had been required previously by an eligible mortgage holder;
- (m) restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;
- (n) any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or
- (o) any provisions that expressly benefit mortgage holders, insurers or guarantors.

When Lot owners are considering termination of the legal status of the project for reasons other than substantial destruction or condemnation of the property, the eligible mortgage holders representing sixty-seven percent (67%) of the votes of the mortgaged Lots must agree.

**Section 5 Right to Examine Books and Records:** First mortgagees can examine the books and records of the Association at any time during normal business hours and can require the submission of financial data concerning the Association including at their request annual audited reports and operating statements as furnished to the owners to be supplied them within ninety (90) days of the end of the fiscal year.

**Section 6 Distribution of Insurance and Condemnation Proceeds:** No Lot owner, or other party, shall have priority over any right of first mortgagees of Lots pursuant to their mortgages in case of a distribution to Lot owners of insurance proceeds or condemnation awards for losses to or a taking of Lots or any common area. Any provision to the contrary in this Declaration or in the By-Laws or other documents relating to the Project is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected mortgagees naming the mortgagees, as their interests may appear.

**Section 7 Notices to Mortgagees of Record:** On any loss to any Lot covered by a mortgage, if such loss exceeds Two Thousand Five Hundred Dollars (\$2500.00), or on any loss to the common area, if such loss exceeds Ten Thousand Dollars (\$10,000.00), or any taking of such common areas, notice in writing of such loss or taking shall be given to each mortgagee of record. If any Owner of a Lot is in default under any provision of this Declaration, or the By-Laws, or the rules and regulations adopted by the Association, which default is not cured within thirty (30) days after written notice to such owner, the Association shall give to the mortgagee of record of such owner written notice of such default and of the fact that said thirty (30) day period has expired. Further, if any Lot and/or the common area 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 first mortgagee on such Lot shall be given timely



written notice by the Association of such proceeding or proposed acquisition.

**Section 8 Effect of Breach:** No breach of any provision of this Declaration shall invalidate the lien of any mortgage in good faith and for value, but all of the conditions, covenants and restrictions contained herein shall be binding on any owner whose title is derived through the foreclosure sale, trustee's sale, or otherwise.

**Section 9 Appearance at Meetings:** Because of its financial interest in the Project, any first mortgagee or its representative may appear (but cannot vote) at meetings of the members and the Board, and may at such meetings draw attention to violations of this Declaration that have not been corrected or made the subject of remedial proceedings or assessments. Upon request, a first mortgagee shall also be given written notice of all such meetings.

**Section 10 Contracts Terminable:** Any agreement between the Association and Declarant or between the Association and a professional manager pursuant to which the Declarant or Manager agrees to provide services shall provide for termination by either party without cause or payment of a termination fee on thirty (30) days written notice and shall have a maximum contract term of one (1) year provided that the Board can renew any such contract on a year to year basis.

**Section 11 Additional Rights of Institutional Lenders:** Notwithstanding any provision in this Declaration to the contrary, institutional lenders shall have the following rights:

A. First mortgagees of individual Lots may, jointly or separately, pay taxes or other charges which are in default and which may have become a charge against any association common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of all first mortgagees of Lots duly executed by the Association;

B. Association dues or charges shall include an adequate reserve fund for maintenance, repairs and replacement of those common area improvements that must be replaced on a periodic basis, and shall be payable in regular installments rather than by special assessments;

C. Each holder of a first mortgage lien on a Lot who comes into possession of the Lot by virtue of foreclosure of the mortgage, or any purchaser at a foreclosure sale under a first deed of trust, will take the Lot free of any claims for unpaid assessments and charges against the Lot which accrue prior to the time such holder comes into possession of the Lot except for

claims from a pro rata reallocation of such assessments or charges to all project Lots including the mortgaged Lot, and except for assessment liens recorded prior to the mortgage; and

D. The Project governing instruments contain no provisions creating a "right of first refusal," but should any such rights be created in the future, any such right shall not impair the rights of any institutional lender to: (1) foreclose or take title to a Lot pursuant to the remedies provided in the mortgage, or (2) accept a deed (or assignment) in lieu of foreclosure in the event of a default by a mortgagor, or (3) interfere with a subsequent sale or lease of a Lot residence so acquired by the mortgagee.

#### ARTICLE X

##### DAMAGE, DESTRUCTION OR CONDEMNATION OF COMMON AREA IMPROVEMENTS

Section 1 Damage and Destruction: In the event of damage or destruction of the property of the Association, or any part thereof, it shall be the responsibility of the Association to repair or replace the same in substantial accordance with the original plans and specifications of the Project.

Subsection 1.1 Insured Losses: If the damage or destruction to the Association property is an insured loss the loss shall be handled as follows:

A. Minor Casualties: If the insurance proceeds initially offered or paid by the insurer do not exceed Fifty Thousand Dollars (\$50,000) such insurance proceeds shall be paid to the Association in accordance with Article IV, Section 1, Subsection 1.2 of this Declaration. The Board shall then contract to repair or rebuild the damaged portions of the Association's property in substantial accordance with the original plans and specifications of the Project; obtain bids in accordance with the following paragraphs, and the insurance funds held by the Association shall be used for such reconstruction.

B. Major Casualty: If the insurance proceeds initially offered or paid by the insurer exceed Fifty Thousand Dollars (\$50,000), the following shall apply:

(1) All insurance proceeds shall be paid to the Association and deposited in a newly-created account, and held for the benefit of the Owner(s) of the relevant Lot and their mortgagees as their respective interests may appear.

(2) The Board shall obtain firm bids from two or more responsible contractors to rebuild the relevant portion of the Project in accordance with its condition prior to damage and destruction, modified at the direction of the Board to comply with the building codes and construction standard in effect at the time of the rebuilding. To be considered, any contractor's bid shall include the premium payable for a performance, labor and material payment bond from a reputable bonding company.

(3) The Board shall then call a meeting of all affected Owners to review all such submitted bids. A simple majority vote of the affected Owners will be required to accept or reject any bid. The failure by such Owners to either accept a bid or reject all bids shall authorize the Board to accept an unrejected bid it considers most favorable, or seek further bids.

**Subsection 1.2 Uninsured or Insufficiently Insured Losses:** If any damage or destruction is uninsured or if the insurance proceeds are insufficient to cover the cost of repairs or replacement of the property damaged or destroyed, the Board will make a Special Assessment, in accordance with the provisions outlined in Article V, Section 3 of this Declaration, to cover such cost. Such special assessment is in addition to any other regular assessments and is subject to the rules herein relating to Special Assessments. Any Special Assessment for the rebuilding or major repair work of individual residences will be levied upon the basis of the ratio of the square footage of the lot residence to be assessed to the total square footage of the residences of all Lots to be assessed.

**Subsection 1.3 Full Insurance Settlement:** Notwithstanding any provision of this Article X, if the insurance carrier offers the full amount required to repay and restore all of the damage, then the Board shall contract to repair or rebuild the damaged portions of all affected residences in the manner provided in this Article X, Subsection 1.1 for a minor casualty.

**Subsection 1.4 Emergency Repairs:** Without waiting to obtain insurance settlements or bids, the Board may undertake such emergency repair work after a casualty as it may deem necessary or desirable under the circumstances, and the Board may charge the operating accounts for the cost thereof. In the event of a casualty, there is a substantial possibility that immediate emergency repairs will be required to eliminate defective or dangerous conditions and to comply with applicable laws, ordinances and regulation, pending settlement of insurance claims and prior to procuring bids for performance of restoration work.

**Subsection 1.5 Decision Not to Rebuild:** The decision not to rebuild will require the affirmative vote or written assent of not less than seventy-five percent (75%) of each class of Owner. Upon conversion of Class B membership to Class A membership as provided in this Declaration, a vote in accordance with this Declaration, Article III, Section 4, shall be required for the decision not to rebuild. In the event the membership elects not

to rebuild, the proceeds received by the Association as a result of such decision shall be distributed by the Association among the Owners of Lots and their respective mortgagees according to the respective fair market values of the Lots at the time of destruction. The fair market value shall be determined by taking the average of two independent appraisals as commissioned by the Board.

Section 2 Distribution of Funds in Event of Condemnation: A condemnation award affecting one or more lots which is not apportioned among the owners by a court judgment or by agreement between the condemning authority and each of the affected Owners, shall be distributed among the Owners of Lots and their respective mortgagees according to the respective fair market values of the Lots at the time of destruction. The fair market value shall be determined by taking the average of two independent appraisals as commissioned by the Association.

## ARTICLE XI

### GENERAL PROVISIONS

Section 1 Enforcement of Bonded Obligations: When common area improvements have not been completed prior to the issuance of the first final public report for the Project and the Association is obliged under a bond or other arrangement (hereinafter called "Bond") to secure performance of the commitment of Declarant to complete the improvements, the following provisions relative to the initiation of action to enforce the obligations of Declarant and the surety under the Bond shall pertain:

(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 that improvement 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 improvements, the Board shall be directed to consider and vote on the question if a Notice of Completion has not been filed within thirty (30) days after the expiration of any such extension.

(B) There shall be a special meeting of the Members for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question. The meeting shall be required to be held not less than thirty-five (35) nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by Members representing not less than five percent (5%) of the total voting power of the Association.

(C) There shall be a vote by Members of the Association other than Declarant at the special meeting called. A vote of the majority of the voting power of the Association residing in Members other than 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 this decision by initiating and pursuing appropriate action in the name of the Association.

**Section 2 Invalidity of any Provision:** Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

**Section 3 Term:** The covenants and restrictions of this Declaration shall run with and bind the property, and shall inure to the benefit of and shall be enforceable by the Association or the owner of any Lot subject to this Declaration and his legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then owners of the Lots has been recorded within the year preceding the beginning of any successive period of ten (10) years, agreeing to change said covenants and restrictions in whole or in part or to terminate the same.

**Section 4 Amendments:** This Declaration may be amended only by the affirmative vote or written assent of seventy-five percent (75%) of each class of the owners. After conversion of Class B membership to Class A, this Declaration may be amended only by the affirmative vote or written assent of: (1) seventy-five percent (75%) of the total voting power of the Association; and (2) seventy-five percent (75%) of the votes of members other than the Declarant. The percentage of voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for the action to be taken under that clause or provision. Any amendment must be recorded and shall become effective upon being recorded in the Recorder's Office of Monterey County.

**Section 5 Development Rights:** Declarant is undertaking the work of developing for sale Lots and certain improvements within the Project. The completion of that work and the sale, rental and other disposal of said Lots is essential to the establishment and welfare of the property as a residential community. In order that this work may be completed and said property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

(A) Prevent Declarant, its contractors or subcontractors from obtaining reasonable access over and across the common area of the Project or from doing within any unsold

Lot owned by Declarant whatever is reasonably necessary or advisable in connection with the completion of said work;

(B) Prevent Declarant or its representatives from erecting, constructing and maintaining within the common area such structures as may be reasonably necessary for completing said work and conducting its business of establishing said property as a residential community and disposing of the same in parcels by sale, lease, or otherwise;

(C) Prevent Declarant from maintaining such signs on Lots still owned by Declarant or on the common area as may be necessary for the sale, lease or disposition of the Lots therein; or

(D) Prevent Declarant from maintaining model homes, sales offices, storage facilities or related such facilities in any unsold Lots within the Project necessary or reasonable, in the opinion of Declarant, for sale or disposition of the Lots. Declarant shall be entitled to reasonable use of the common areas and common area facilities for undertaking its sale of the Lots.

The above rights of Declarant with respect to development and marketing shall be limited to a period of three (3) years from the date of the first sale of a Lot.

The Declarant shall be obligated to pay a reasonable rental amount to the Association for use of the Common Area for marketing purposes.

Section 6 Enforcement: Notwithstanding any other provision in this document:

(A) Except as otherwise provided herein, the Association or any Owner shall have the right to enforce any and all of the covenants, conditions and restrictions now or hereafter imposed by this Declaration upon the owners or upon any property within the Project; and

(B) Any violation of any state, municipal or local law, ordinance or regulation pertaining to and adversely affecting the scheme of ownership, occupation or use of any property within the Project established by this Declaration, the By-laws, Articles and/or Rules of the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures herein set forth; and

(D) Each remedy provided by this Declaration is cumulative and not exclusive; and

(E) The failure to enforce the provisions of any covenant, condition or restriction contained in this Declaration shall not constitute a waiver of any right to enforce any such provisions or any other provision here.

Section 7 Fair Housing: No Owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing or mortgaging, or occupancy of his lot to any person for reasons of race, color, religion, sex, marital status, national origin, or adulthood of a vendee, lessee or occupant.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this declaration this 17 day of April, 1986.

FOOTHILL ESTATES, INC., A CALIFORNIA CORPORATION

BY: Chris E Jensen

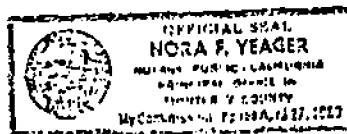
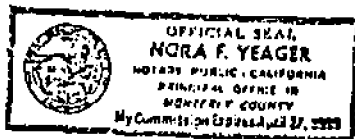
ACKNOWLEDGMENT

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF MONTEREY )

On APRIL 17, 1986, before me, the undersigned, a Notary Public in and for the County and State, personally appeared CHRIS E JENSEN, known to me (and proved by satisfactory evidence) to be one of the officers of the corporation which executed the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and seal.

Nora F Yeager  
NORA F YEAGER



CONSENT AND SUBORDINATION

REEL 1947 PAGE 210

BANK OF SALINAS, A CALIFORNIA CORPORATION AS BENEFICIARY UNDER THE DEED OF TRUST  
RECORDED MAY 20, 1985 IN REEL 1842 AT PAGE 1079 OF OFFICIAL RECORDS  
OF MONTEREY COUNTY, HEREBY CONSENTS TO THE EXECUTION OF AND ALSO SUBORDINATES ALL  
THE RIGHT, TITLE AND INTEREST AND LIEN WHICH THEY NOW HAVE TO THAT OF THE FOREGOING  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, DATED APRIL 17, 1986 AS IF  
AND THOUGH SAID DECLARATION HAS BEEN MADE, EXECUTED AND RECORDED PRIOR TO SAID  
DEED OF TRUST.

BY: 

BY: VICE PRESIDENT



CONSENT AND SUBORDINATION

EINER A. JENSEN AND ARVA JENSEN AS BENEFICIARY UNDER THE DEED OF TRUST  
 RECORDED MAY 8, 1985 IN REEL 1877 AT PAGE 515608864 OF OFFICIAL RECORDS  
 OF MONTEREY COUNTY, HEREBY CONSENTS TO THE EXECUTION OF AND ALSO SUBORDINATES ALL  
 THE RIGHT, TITLE AND INTEREST AND LIEN WHICH THEY NOW HAVE TO THAT OF THE FOREGOING  
 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, DATED APRIL 17, 1986 AS IF  
 AND THOUGH SAID DECLARATION HAS BEEN MADE, EXECUTED AND RECORDED PRIOR TO SAID  
 DEED OF TRUST.

BY: Einer A. Jensen  
 BY: Arva Jensen

CONSENT AND SUBORDINATION

REEL 1947 PAGE 212

EINER A. JENSEN AND ARVA JENSEN AS BENEFICIARY UNDER THE DEED OF TRUST  
RECORDED MAY 3, 1985 IN REEL 1835 AT PAGE 1047 OF OFFICIAL RECORDS  
OF MONTEREY COUNTY, HEREBY CONSENTS TO THE EXECUTION OF AND ALSO SUBORDINATES ALL  
THE RIGHT, TITLE AND INTEREST AND LIEN WHICH THEY NOW HAVE TO THAT OF THE FOREGOING  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, DATED APRIL 17, 1985 AS IF  
AND THOUGH SAID DECLARATION HAS BEEN MADE, EXECUTED AND RECORDED PRIOR TO SAID  
DEED OF TRUST.

BY:

Einer A. Jensen

BY:

Arva Jensen

END OF DOCUMENT