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RECORDING REQUESTED BY:
Epsten Danow Howell & Gatlin APC

AND WHEN RECORDED MAIL TO:

Mary M. Howell, Esq.
Epsten Danow Howell & Gatlin APC
16835 West Bernardo Dr., Ste. 109
Rancho Bernardo, CA 92127

DOC # 2000-215755

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County of Riverside

Gary L. Orso

Assessor, County Clerk & Recorder



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“If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal (•) fair housing laws and is void, and may be removed pursuant to Section 12956.1 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.” [Govt. Code §12956.1]

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**SIXTH AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SANTA MARGARITA ASSOCIATION**

(Please fill in document title(s) on this line)

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Mary M. Howell, Esq.
Epsten Danow Howell & Gatlin, APC
16835 W. Bernardo Drive, Suite 109
San Diego, California 92127

(Above Space for Recorder's Use)

**SIXTH AMENDMENT
TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SANTA MARGARITA ASSOCIATION**

This document is recorded for the purpose of amending that certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SANTA MARGARITA ASSOCIATION, as amended from time to time (hereinafter "Declaration"), which was recorded in the Office of the Country Recorder of Riverside County, California on October 17, 1973 as Instrument No. 135977 against the property (hereafter "Property") legally described in Exhibit "A" attached hereto and incorporated by reference herein. The term "Declaration" includes various amendments thereto, described as follows: Instrument No. 34858 recorded March 27, 1975; Instrument No. 43707 recorded April 17, 1975, Instrument No. 341125 recorded December 2, 1987, Instrument No. 372379 recorded October 28, 1991, and Instrument No. 372380, recorded October 28, 1991.

This amendment has been adopted by the Owners under the provisions of Article XII, Section 12.07 of the Declaration, which requires amendments to be approved by an affirmative vote of not less than fifty-one percent of the members. California Civil Code §1355 provides that an amendment is effective after (1) approval of the percentage of Owners required by the governing documents has been given, (2) that fact has been certified in a writing executed and acknowledged by the officer designated the declaration or by the Association for such purpose, or if no one is designated, by the president of the Association, and (3) the writing has been recorded in the County in which the Property is located. There being no officer appointed in the Declaration for this purpose, the president hereinbelow certifies the facts underlying adoption of the amendment, in Exhibit "B" attached hereto and incorporated by reference herein.

NOW THEREFORE, the Declaration shall be amended as follows:

1. Article VI, Section 6.01(b) of the Declaration is amended to provide as follows:

(b) Front Yard Setback. The front setback line is established seventy-five (75) feet from the front road easement line of the property. No structure or improvement except those listed in 6.01(1) to (9) shall be erected nearer than a minimum of



seventy-five (75) feet from the front property line or nearest point of intersection of any two (2) streets or highway lines. If the Architectural Control Committee shall determine that extenuating circumstances exist with respect to any parcel that would cause conformance to the setback minimums to result in unique hardship on the owner of the parcel, the Architectural Control Committee may approve such setback as may be reasonable.

2. Article VI, Section 6.07(a)(2) of the Declaration is amended to provide as follows:

(a) Type. (2) Any building or structure of whatever type shall be properly maintained. No building or other structure shall be built or erected unless the prior approval of the Architectural Control Committee pursuant to Article VIII below has been obtained and the building or other structure shall be of a quality usual and customary for that type of building or structure and of good quality and design. Residential building must be of the quality and design generally associated with custom homes. No mobile, lean-tos or temporary type shelters shall be permitted on any parcel. A travel trailer may be brought to the property for use over the weekend and holidays, but must not be left parked on the property during the week.

3. Article VI, Section 6.07(b) of the Declaration is amended to read as follows:

(b) Size. The minimum livable floor area of all residential buildings shall not be less than two thousand five hundred (2500) square feet; cellars, basements, patios, porches, garages and overhangs are specifically excluded from inclusion in minimum livable ground floor area. The garage shall contain at least four hundred and forty (440) square feet and shall be fully enclosed. Any accessory building or garage may be constructed on the same parcel. Roofing material shall be the same as required for the main residence, as set forth in paragraph (d) below.

4. Article VI, Section 6.07(d)(1) of the Declaration is amended to read as follows:

(d) Roofs. (1) All roofs shall be constructed of slate, copper, terra cotta (clay), mission or concrete tile or any manufactured fireproof material which in the opinion of the Architectural Control Committee has the appearance of one of the approved materials. Composition/asphalt shingles are not an approved alternative.

5. Article V, Section 6.08(b) of the Declaration is amended to read as follows:

(b) No materials, supplies, trailers, boats, trucks, travel trailers, campers, motor homes or equipment including inoperable motor vehicles shall be stored in any area on a parcel except inside a closed building, or behind a visual barrier screening such areas from the view of traveled ways and public streets.

This completes the text of the amendment. It is intended that the terms of this amendment shall control to the extent any other provisions of the Declaration may conflict with it. Except as



EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTIES

Parcels 4 through 16, inclusive, 19 through 24, inclusive, 28, 29 and 32 through 52, inclusive, as shown on Parcel Map No. 72-18P, as per Parcel Map filed in Book 5, Pages 12 through 17, inclusive, of Parcel Maps, in the Office of the Riverside County Recorder.

Parcels 1 through 11, inclusive, as shown on a Parcel Map No. 4589-1, as per Parcel Map filed in Book 6, Pages 58 through 72, inclusive, of Parcel Maps, in the Office of the Riverside County Recorder.

Parcels 1 through 25, inclusive, as shown on Parcel Map No. 4745, as per Parcel Map filed in Book 8, Pages 78 through 83, inclusive, of Parcel Maps, in the Office of the Riverside County Recorder.



EXHIBIT "B"

**CERTIFICATION OF PRESIDENT
AS TO APPROVAL OF AMENDMENT**

I, Richard Wiley, declare and state as follows:

1. I certify that I am the President of Santa Margarita Association, a California nonprofit mutual benefit corporation (hereafter "Association").

2. This document is executed for the purpose of certifying the foregoing amendment to the Declaration, according to the provisions contained California Civil Code Section 1355 and to certify that the amendment requirements of the Declaration have been met.

3. I certify that there are currently 249 Members of the Association. Thus, according to the requirements of Article IX, Section 12.07 of the Declaration at least fifty-one (51%) of the Members or 127 Members must approve the amendment.

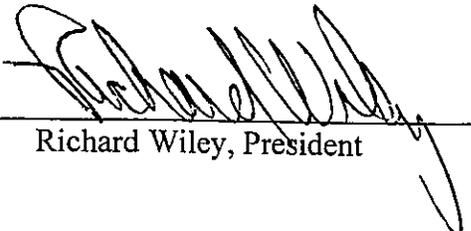
4. I further certify that, as of the date this document is executed, the following is the total of the votes cast by all Members.

	<u>YES</u>	<u>NO</u>
To amend Art. VI, §6.01(b)	139	49
To amend Art. VI, §6.07(a)	139	49
To amend Art. VI, §6.07(b)	151	37
To amend Art. VI, §6.07(d)(1)	154	34
To amend Art. VI, §6.08	157	31

5. Since these totals reflect approval by at least 127 affirmative votes of the Members, I certify that the amendment was approved.

On behalf of the Association, I declare under penalty of perjury under the laws of the State of California that the foregoing facts are true and correct.

Executed on 5/24, 2000 at Temecula, California.

By: 
Richard Wiley, President



(A) This Declaration will be known as:
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
SANTA MARGARITA ASSOCIATION

P R E A M B L E:

A. Association is the association of Owners of Parcels in that certain development ("Properties") located in Riverside County, California, described on the attached Exhibit "A", which is incorporated herein by this reference.

B. The Properties are subject to a Declaration of Covenants, Conditions and Restrictions ("Declaration") which was recorded on October 17, 1973, as Instrument No. 135977 of Official Records of Riverside County, California. The Declaration was amended by documents recorded on March 27, 1975, as Instrument No. 34858, on April 17, 1975, as Instrument No. 437075, and on December 2, 1987, as Instrument No. 341125, and on October 28, 1991 as Instrument No. 372379, and on October 28, 1991 as Instrument No. 372380. The Declaration, as amended, is referred to herein as the "Declaration".

This amendment to Declaration is made on the date hereinafter set forth by Santa Margarita Association, a California

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17, 1975 as instrument no. 437075, _____

... LMA. CCRS

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This amendment to Declaration is made on the date hereinafter set forth by Santa Margarita Association, a California corporation, hereinafter referred to as Declarant.

Witnesseth

WHEREAS, Declarant is representative of all of the owners of real property in the County of Riverside, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter referred to as the Property)

WHEREAS, Declarant as successor in interest has caused said properties to be conveyed subject to certain protective Covenants, Conditions and Restrictions recorded on October 17, 1973, recorded as Instrument Number 135977, official records of Riverside County, California (The Declaration) ENCUMBERS P.M. 72-18P, LOTS 6-13, Inclusive. DE LUZ GROVES I.

The Declaration has subsequently been amended by the following documents:

1. Document entitled First Notice of Annexation of Territory to said Declaration recorded October 17, 1973, as Instrument No. 135978; ADDS PM 72-18P: LOTS 14-52 Inclusive. THIS DOES NOT INCLUDE LOTS 17, 18, 25, 26, 27, 30 AND 31.
2. Document entitled Second Notice of Annexation, recorded October 17, 1973, as Instrument No. 135979. ADDS P.M. 4589-1, LOTS 1-11, Inclusive: DE LUZ GROVES II.
3. Document entitled Third Notice of Annexation recorded October 17, 1973, as Instrument No. 135980, ADDS P.M. 4645, LOTS 9, 19-23 Inclusive and P.M. 72-18P, LOTS 4 and 5. DE LUZ GROVES III.
4. Document entitled Fourth Notice of Annexation, recorded on March 24, 1975, as Instrument No. 33062, ADDS P.M. 4745, LOTS 1-8, 10-18, 24 and 25, DE LUZ GROVES V.
5. Document entitled First Amendment to Declaration of Covenants, Conditions and Restrictions, recorded on March 24, 1975, as Instrument No. 34858, CHANGES ANNEXATION PARAGRAPH TO INCLUDE OTHER ADJACENT LANDS OWNED BY DECLARANT.
6. Document entitled Fifth Notice of Annexation, recorded on March 27, 1975, as Instrument No. 34859, ENCUMBERS 17, 18, 25, 26, 27, 30, and 31 of P.M. 72-18P and PARCELS 12-19 OF P.M. 4589-1.
7. Document entitled Second Amendment to Declaration of Covenants, Conditions and Restrictions, recorded on April 17, 1975 as Instrument No. 43707, CANCELS FIFTH NOTICE OF ANNEXATION AND FIRST AMENDMENT.

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
SANTA MARGARITA ASSOCIATION**

8. Document entitled Certificate of Third Amendment of Covenants, Conditions and Restrictions of Santa Margarita Association, recorded on December 2, 1987, as Instrument No. 341125.
9. Document entitled Fourth Amendment to Declaration of Covenants, Conditions and Restrictions of Santa Margarita Association, recorded on October 28, 1991, as Instrument No. 372379.
BRINGS CC&Rs CURRENT WITH CALIFORNIA LAW.
10. Document entitled Fifth Amendment to Declaration of Covenants, Conditions and Restrictions of Santa Margarita Association, recorded on October 28, 1991, as Instrument No. 372380.
SETS MINIMUM PARCEL SIZE (5ACRES) AND MINIMUM HOME SIZE (2200 SQ.FT.).

WHEREAS, the members of Santa Margarita Association wish to establish a plan for use, occupancy and enjoyment of the real property.

WHEREAS, it has been determined and voted on by a majority of the members that it is desirable to amend the Declaration as follows:

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G. Now, therefore, Declarant hereby covenants

G. Now, therefore, Declarant hereby covenants

NOW, THEREFORE, pursuant to Section 1350 et seq of the California Civil Code, Declarant agrees and declares that all of said parcels and property described in Exhibit A and such additions thereto as may hereafter be made pursuant to Article XI hereof shall be held, sold and conveyed subject to the following covenants, conditions and restrictions and easements which are hereby declared to be for the benefit of the whole parcel map and all of the property described herein and the owners thereof, their successors and assigns. These covenants, conditions, restrictions and easements shall run with the said real property and shall be binding on all parties having or acquiring any right, title or interest in the described real property or any part thereof and shall inure to the benefit of each owner thereof and are imposed upon said real property and every part thereof as a servitude in favor of each and every parcel thereof.

H. The purpose of these restrictions is to insure proper use and development of the Property, to protect the owner of each parcel against improper use and development of surrounding parcels as will depreciate the value of his parcel or interfere with his beneficial use and enjoyment of his parcel, to secure and maintain proper setbacks from streets, to prevent haphazard and unsightly improvements, and in general to provide adequately for planned use and development of the property in accordance with the terms hereof.

ARTICLE I

DEFINITIONS

- 1.01 "Articles of Incorporation" means the Articles of Incorporation of the Association as the same may be duly amended from time to time.
- 1.02 "Association" shall mean and refer to Santa Margarita Association, its successors and assigns.
- 1.03 "Board of Directors" or "Board" may be used interchangeably herein and shall mean the Board of Directors of the Association, as the same, may from time to time be constituted.
- 1.04 "By-Laws" means the By-Laws of Santa Margarita Association, including any amendments or additions thereto.
- 1.05 "Common Area", or "common Areas" means the real property within the Association owned or to be owned in common by the Owners for the common use and enjoyment of the Owners. The Common Area to be owned or to be owned in common by the Owners is described in Exhibit "A".
- 1.06 "Declarant" means Santa Margarita Association, and its successors and assigns.
- 1.07 "Declaration" means this Declaration of Covenants, Conditions and Restrictions, as it may be amended from time to time.
- 1.08 "Deed of Trust" shall mean and be synonymous with the word "Mortgage", and the same may be used interchangeably with the same meaning; similar, the word "Trustor" shall be synonymous with the word "Mortgagor", and the word "Beneficiary" shall be synonymous with the word "Mortgagee".
- 1.09 "Member" or "Association Member" means every person or entity who holds a membership in the Association.
- 1.10 "Mortgage" means the conveyance of any parcel or other portion of the Association to secure the performance of an obligation, which conveyance shall be void upon the due performance of said obligation.

1.11 "Mortgagee" means a person or entity to whom a mortgage is made or who otherwise is the holder of a Mortgage; "Mortgagor" means a person or entity who mortgages his or its property to another, i.e. the maker of as a Mortgage.

1.12 "Owner" means the record owner, whether one or more persons or entities, of parcels which is apart of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. "Owner" shall also include a contract vendee under a Real Property Sale Contract, provided that such Real Property Sales Contract complies with the provisions of Section 2985-2985.6 of the California Civil Code.

1.13 The term "person" includes a natural person, corporation, partnership, association, firm, or other entity as the case may be and the context may require.

1.14 "Rules and Regulations" means such rules and regulations as may from time to time be adopted by the Association or its Board.

1.15 "Properties" shall mean and refer to that certain real property herein-before described, and such additions thereto as may herein-after be brought within the jurisdiction of the Association.

1.16 "Parcel" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties.

1.17 "Structure" shall mean any construction or any production of a piece of work artificially built upon composed of parts joined together in some definite manner.

1.18 "Land" is the material of the earth, whatever may be the ingredients of which it is composed, and includes free or occupied space for an indefinite distance upward as well as downwards, subject to the limitations upon the use of airspace granted by law.

1.19 "Architectural Control Committee" (ACC) refers to the Committee of the Board of Directors chartered to implement the provisions of Article VIII herein.

1.20 The aforementioned definitions shall be applicable to this declaration and to any supplements or amendments thereto (unless the contents shall prohibit) filed or recorded pursuant to the provisions of this Declaration.

ARTICLE II

PROPERTY RIGHTS

2.01 Every Owner shall have a right and easement of enjoyment in and to the Common Area, if any, which shall be appurtenant to and shall pass with the transfer, whether voluntary or involuntary, or title to every lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights for any period during which any assessment against his Parcel remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations in accordance with the provisions of Article XI.

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the members agreeing to such dedication and transfer has been recorded.

(c) The right of the Association to maintain the common easements and to enter upon any Parcel owned by an Owner where necessary in connection with construction, maintenance or repair for the benefit of the Common Area or the Owners in Common.

2.02 Delegation of Use No owner may exempt himself from personal liability for assessment duly levied by the Association nor release the Parcel owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area and the facilities thereon or by abandonment of his Parcel.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

3.01 Every owner of a Parcel which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Parcel which is subject to assessment. The terms and provisions set forth in this Declaration, which are binding upon all owners of all Parcels and all members in the Association, are not exclusive, as both the members in the Association, are not exclusive, as both the member and the parcel owner shall, in addition, be subject to the terms and provisions of the Articles of Incorporation and the By-Laws of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of such Parcel shall be the sole qualification for membership.

3.02 Transfer. The membership held by any Owner of a Parcel shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Parcel and then only to the purchaser or deed of trust holder of such Parcel. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event the Owner of any Parcel should fail or refuse to transfer the membership registered in his name to the purchaser of such parcel, the Association shall have the right to record the transfer upon the books of the Association.

3.03 Voting Rights. The Association shall have only one class of membership. Members shall be entitled to one vote for each Parcel in which they hold the interest required for membership. When more than one person holds such interest or interests in any Parcel, all such persons shall be members and the vote for such Parcel shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Parcel. Said voting rights shall be subject to the restrictions and limitations provided hereinafter and in the Articles of Incorporation and By-Laws of the Association.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

4.01 Creation of the Lien and Personal Obligation of Assessments. The Declaration, for each Parcel owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be a personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to his successors in title. The Association shall not impose or collect an assessment, penalty or fee that exceeds the amount necessary for the purpose or purposes for which it is levied. The Association may levy a transfer fee to reimburse the Association for the administrative costs involved in amending its records. Such fee shall be levied upon the transferor of a Parcel, and if not paid by such transferor, shall be paid by his transferee. Such transfer fee shall become a lien on the Parcel.

4.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively (1) to maintain easements for roadway purposes on the properties owned by the Owners including adjoining slope easements, (2) to conduct the business of the Association, (3) to protect the environment and (4) to promote the recreation, health, safety and welfare of the residents of the Properties and for the improvement and maintenance of the Common Area, if any.

4.03 Maximum Annual Assessment. The Board shall not levy annual assessments in any fiscal year of the Association in excess of one hundred twenty percent (120%) of the level of annual assessments levied during the preceding fiscal year without the vote of members casting a majority of votes at a meeting or election of the Association in which more than fifty percent (50%) of the members are represented. Notwithstanding the foregoing, this Section does not limit annual assessment increases necessary for addressing an "Emergency Situation", which is defined as any one of the following:

(1) An extraordinary expense required by an order of a court;

(2) An extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Association is responsible where a threat to personal safety on the Properties is discovered; and

(3) An extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Association's budget. Prior to the imposition or collection of an assessment pursuant to this Subsection (3), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the members with the notice of assessment.

4.04 Special Assessments for Capital Improvements. The Board may levy, in any Fiscal Year, a capital improvement assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement or other such addition upon the Common Area, provided that any proposed capital improvement assessments in any fiscal year which, if added to the capital improvement assessments already levied during such fiscal year, exceeds five percent (5%) of the budgeted gross expenses of the Association for such fiscal year, shall require the vote or written consent of Members casting a majority of votes at a meeting or election of the Association in which more than fifty percent (50%) of the members are represented. Notwithstanding the foregoing, the Board may levy in any fiscal year, a capital improvement assessment applicable to that fiscal year which exceeds five percent (5%) of the budgeted gross expenses of the Association for such fiscal year if such increase is necessary for addressing an Emergency Situation as defined in Section 4.03.

4.05 Deleted in its entirety.

4.06 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Parcels and may be collected on a payment plan approved by the Board of Directors.

4.07 Annual Operating Statement. The following financial information shall be prepared and distributed by the Board to all members:

(a) A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) nor more than sixty (60) days prior to the beginning of the fiscal year.

(1) The estimated revenue and expenses of the Association computed on an accrual basis.

(2) The amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and for contingencies.

(3) An estimate of the current replacement costs of, the estimated remaining useful life

of, and the methods of funding to defray the cost of repair and replacement of or additions to, major components of the Common Area for which the Association is responsible.

(4) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair and replacement of, or additions to, major components of the Common Area and facilities for which the Association is responsible.

(b) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year.

(1) A balance sheet as of the end of the fiscal year.

(2) An operating (income) statement for the fiscal year.

(3) A statement of changes in financial position for the fiscal year.

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

(5) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

(6) A statement of the place where the names and addresses of the members is located.

If the report referred to in Section 4.06(b) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association stating that the statement was prepared from the books and records of the Association without independent audit or review. The Board also may distribute a summary of the financial statement in lieu of the financial statement itself, so long as the Board complies with the provisions of Section 1365(c) of the California Civil Code as it may be amended.

In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of annual and special assessments, including the recording and foreclosing of liens against members' Parcels.

The Board shall perform the following on at least a quarterly basis: (1) cause to be completed and review a current reconciliation of the Association's operating accounts and reserve accounts, (2) review the current fiscal year's actual reserve revenues and expenses compared to the budget for the then current fiscal year, (3) review the income and expense statement for the Association's operating and reserve accounts, and (4) review the most current account statements prepared by the financial institutions where the Association maintains its operating and reserve accounts. The signatures of either (i) two (2) Directors of the Association, or (ii) one Director and one Officer of the Association (who is not also a Director) shall be required for the withdrawal of money from the Association's reserve accounts. As used in this paragraph, the term "reserve accounts" means monies that the Board has identified from its budget for use to defray the future repair and replacement of, or additions to, those major components which the Association is obligated to maintain.

4.08 Notice and Effective Date of Assessments. The annual assessments provided for herein shall commence as to all parcels on the first day of the month following the approval of this Amendment. The Board of Directors shall fix the amount of the annual assessment against each Parcel at least sixty (60) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Parcel have been paid.

ARTICLE V
EFFECT OF NON-PAYMENT OF ASSESSMENTS;
REMEDIES OF THE ASSOCIATION

5.01 Effect of Non-Payment of Assessments: Remedies of the Association Any assessment not paid within fifteen (15) days of its due date shall be delinquent. If an assessment is delinquent the association may recover (1) reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees; (2) a late charge not exceeding the greater of ten percent (10%) of the delinquent assessment or Ten Dollars (\$10.00); and (3) interest on all sums imposed in accordance with this Section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve percent (12%) commencing thirty (30) days after the assessment becomes due. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Parcel.

5.02 Subordination of the Lien to Mortgages. The lien of the assessments provided herein shall be subordinate to and shall not affect the rights of the holder of any first mortgage or deed of trust made in good faith for value thereof. Sale or transfer of any parcel shall not affect the assessment lien. However, the sale or transfer of any Parcel pursuant to mortgage foreclosure or any proceedings in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such parcel from any assessments thereafter becoming due or from lien thereof.

5.03 Notice of Lien. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided in less than thirty (30) days after the date a notice of lien is deposited in the United States mail, certified or registered, postage prepaid, to the owner of said parcel, and a copy there is recorded by the Association in the office of the County Recorder of the County of Riverside. Said notice of claim must recite a good and sufficient legal description of such parcel, the record owner thereof, the amount claimed which may, at the Association's option, include interest on the unpaid assessment at the highest rate allowed by law, plus reasonable attorney's fees and expenses of collection incurred with the debt secured by said lien, and the name and address of the claimant.

5.04 Foreclosure. The Association is hereby vested with the right and power to bring at its option, any and all actions against an owner for the collection of said assessments which are not paid when due, and to enforce the aforesaid lien by any and all methods available for the enforcement of contractual obligations or liens including, without limitation, the right to bring a personal action against the owner of such debt, the right to foreclose such lien in any method provided by law for foreclosure of a mortgage, and the right to sell the owner's interest by power of sale, which may be enforced by the Association, its attorney, or other person authorized to bring such action or make such sale. A sale of an owner's interest by power of sale shall be conducted in the same manner provided in California Civil Code Section 2924, 2924a, 2924b, 2924c, 2924f and 2924g (or any similar statutory provisions that may hereafter exist) for the foreclosure by power of sale of mortgages. Such provisions shall be applied and adapted to the foreclosure of the lien by power of sale to the fullest extent reasonably possible and consistent in view of the differences between the lien and mortgages generally (for example, "Trustor" as used in the statute would refer to the delinquent owner and "Beneficiary" would refer to the Association. The Association shall have the power to bid in its own name on the property sold and to hold, lease, mortgage and convey the same for the benefit of the owners. All rights and remedies granted to the Association hereunder shall be cumulative and the exercise of one or more rights or remedies shall not constitute a waiver or election preventing the use of other rights or remedies. The Association shall be entitled to collect from a defaulting owner all costs and attorney's fees incurred in connection with pursuing the collection of said assessments and/or enforcement of said lien.

5.05 Foreclosure Sale. Any foreclosure sale provided for herein is to be conducted by the Board of Directors, its attorney or other person authorized by the Board in accordance with the provisions of Sections 2924, 2924A, 2924B, and 2924C of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents shall have the power to bid on the parcel at a foreclosure sale, and to acquire, hold, lease, mortgage and convey the same.

5.06 Curing of Default. Upon the timely curing of the default for which a notice of claim or lien was filed by the Association, the officers thereof are hereby authorized to file or record, as the case may be, an appropriate release of such notices, upon payment of the defaulting owner of a fee to be determined by the Association but not to exceed one hundred dollars (\$100.00) to cover the costs of preparing and filing or recording such release.

5.07 Cumulative Remedies. The Association's remedies for non-payment of assessments, including, but not limited to, an action to recover a money judgement, assessment lien and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any rights and remedies which the Association and its assigns may have hereunder or by law.

ARTICLE VI

REGULATION OF IMPROVEMENTS

6.01 Minimum Setback Line

(a) General. No structure of any kind, and no part thereof, shall be placed on any parcel closer to a property line than herein provided. The following structures are specifically excluded from these setback provisions:

- (1) Public Utility Installations;
- (2) Underground pipelines;
- (3) Conduits;
- (4) Ditches;
- (5) Water works facilities for the production and distribution of water primarily for irrigation purposes;
- (6) Fences;
- (7) Streets and alleys;
- (8) Approved street signs;
- (9) Santa Margarita Association Entryways.

(b) Front Yard Setback. The setback line is established fifty feet from the front road easement line of the property except that no structure and improvement except those listed in 6.01 (1) to (9) shall be erected nearer than a minimum of fifty (50) feet from the nearest point of intersection of any two (2) streets or highway lines. If the Architectural Control Committee shall determine that extenuating circumstances exist with respect to any parcel that would cause conformance to the setback minimums to result in unique hardship on the owner of the parcel, the Architectural Control Committee may approve such setback as may be reasonable.

(c) Side Yard Setback. The setback line is established at a minimum of fifty (50) feet from the said property line.

(d) Rear Yard Setback. The setback line for any structure is established at a minimum of fifty (50) feet from the rear property line.

(e) Change in Setback. Anything contained in this Article 6.01(b), 6.01(c), and 6.01(d) to the contrary notwithstanding, in the event zoning of the Property allows different setbacks, the setbacks required shall be those which are the more restrictive.

6.02 Completion of Construction.

(a) After commencement of construction of any structure or improvements, the work thereon shall be diligently pursued, to the end that the structure or improvements shall not remain in a partly finished condition any longer than reasonably necessary for completion thereof.

(b) Occupancy. No structure shall be occupied in any manner prior to completion thereof in accordance with the plans and specifications approved in accordance with Article VIII and receipt of a Certificate of Occupancy from the appropriate governmental authority.

6.03 Fencing. All parcels on which animals are present shall be adequately fenced so as to keep said animals on that parcel and protect the crops and property on other parcels. However, no fence shall be placed or permitted to remain which would interfere with the use of any of the easements referred to in Article 9.05 hereof. Fencing facing common roads may be constructed of wood, faced with wood, barbed wire or chain link. Fence shall not exceed six (6) feet in height. An additional one (1) foot height for (a) a maximum of three (3) strands of barbed wire may be added to the top of said fencing providing the barbed wire is supported on extended posts or by arms or brackets manufactured for that purpose, or (b) other protective wire may be used if properly supported. Fencing which meets the requirements of the minimum setback are in addition thereto subject to the road easements as defined in section 9.05. Encroachment into road easements of fencing requires Association and Santa Rosa Community Service District Approval and such approval shall stipulate that removal or relocation of any fencing within the road easement for any reason shall be at the expense of the owner. Notwithstanding the above, any fencing along a paved road shall be at a minimum of four (4) feet from the existing paving or road bed.

Metal pipe fencing, if within one hundred (100) feet from the front property line, must be planted in such a manner as to provide a visual screen for the fencing.

No fencing shall be installed without first being approved by the Architectural Control Committee.

6.04 Landscaping. Within six (6) months of the completion of the residential structure on any parcel, any landscaping of the parcel shall be completed pursuant to the landscaping plans approved by the ACC. In the event the landscaping is not completed within six (6) months, the ACC may enter upon said parcel and carry out the landscaping plans approved by the committee at the expense of the owner of such parcel. All rooted plants shall be in compliance with section 6.10.

6.05 Excavation. Exposed openings resulting from any excavation made in connection with construction of improvements shall be backfilled and disturbed ground shall be leveled. All excavation shall be done in compliance with the Riverside Grading Ordinance.

6.06 Signs. No sign shall be permitted, other than the following:

(a) Those identifying the name, business and products of the person or firm occupying the premises, provided all signs shall only be of such size, design, color and location as are specifically approved in writing by the Architectural Control Committee.

(b) Those offering the premises for sale or lease, provided all such signs shall conform to the sign standard.

(c) Instructional signs which are clearly in the best interest of the community and specifically approved by the ACC.

(d) Standardized Santa Margarita Association street signs as adopted by the Architectural Control Committee shall, as a condition to the approval of streets, alleys and roadways, be installed at the sole cost of the owner, lessee, or occupant of any portion of the property upon which such streets, alleys and roadways are to be located.

(e) Signs shall conform to setback lines.

(f) Signs shall not exceed six (6) square feet in size.

6.07 Building Regulations.

(a) Type. No building structure or improvement shall be constructed, erected, altered, placed or permitted to remain on any parcel or any building site on said premises other than a one-family dwelling as designed for occupation by not more than one family, together with accessory buildings hereinafter permitted. Neither said premise, nor any portion thereof, shall be used for any purpose tending to injure the reputation thereof, or to disturb the neighborhood or occupants of adjoining property, or to constitute a nuisance, or in violation of any public law, ordinance, or regulation in anywise applicable thereto.

(1) In addition to a single family residence, a cottage, living quarters for full-time help, a barn, and a garage are permitted. Other structures, their planned locations including more restrictive setbacks and visual screening plans shall be subject to all provisions of the CC&Rs.

X (2) Any building or structure of whatever type shall be properly maintained. No building or other structure shall be built or erected unless the prior approval of the Architectural Control Committee pursuant to Article VIII below has been obtained and the building or other structure shall be of a quality usual and customary for that type of building or structure and of good quality and design. No mobile homes or lean-tos or temporary type shelters shall be permitted on any parcel without written approval of the ACC for a specified period of time as determined by the ACC. A travel trailer or mobile home may be brought to the property for use over the weekend and holidays, but must not be left parked on the property during the week.

(b) X Size. The minimum liveable floor area of all residential buildings shall not be less than two thousand two hundred (2200) square feet; cellars, basements, patios, porches, garages and overhangs are specifically excluded from inclusion in minimum liveable ground floor area. The garage shall contain at least four hundred and forty square feet and shall be fully enclosed. Any accessory building or garage may be constructed on the same parcel. Roofing material shall be the same as required for the main residence, as set forth in paragraph (d) below.

(c) Height.

(1) No building, structure or improvement shall be constructed, erected, altered, placed or permitted to remain on any parcel or building site in such location or manner as will unreasonably obstruct or interfere with the view of the owner of any other parcel.

(2) No building structure shall be more than two stories in height above the graded pad, except that residential buildings constructed on hillsides may use the area under the main floor for additional living area.

(d) X

Roofs.

(1) Roofs must be rated UL Class A fire resistant and be constructed only of either mission or concrete tile, wood shake or shingle, slate, mineral fiber (except roll roofing), copper or fiberglass shingles.

(2) Except as herein expressly provided, no projection of any type shall be placed or permitted above the roof of any building structure with the exception of one or more chimneys, one or more vent stacks, one television antenna of a shape, size and location as approved by the ACC, and one or more solar collectors, plus the necessary plumbing. The installation of parapet construction may be required to satisfy the concealment of such appliances and equipment from the view of other parcels.

6.08

Maintenance and Storage.

(a) All parcels shall be properly maintained. Rubbish and debris shall be promptly removed.

(b) X No materials, supplies, trailers, boats, trucks, travel trailers, mobile homes, campers, motor homes or equipment including inoperable motor vehicles shall be stored in any area on a parcel except inside a closed building, or behind a visual barrier screening such areas from the view of traveled ways and public streets.

6.09

Preservation of Trees. No living oak (QUERCUS AGRIFOLA OR QUERCUS ENGLEMANII) and not native California Sycamore (PLATANUS RACEMOSA) with a trunk diameter of twelve (12) or more inches at a point two (2) feet above the ground shall be removed without permission of the ACC. No permission shall be required for removal of shrubs and/or dead trees as a fire prevention measure. This article shall not apply to trees planted for landscaping or commercial purposes.

6.10

Landscape and Architectural Plants. Landscape, commercial and agricultural plants are restricted as follows:

(a) Prior to any planting, storage or transportation of non-seeded plantings on the property, the person or persons undertaking such plantings shall secure certificates as stated below for all plantings and deliver same to the ACC. In the case of grape vines, the certificate is to be obtained from the University of California Agricultural Extension Service. In the case of avocado trees, the trees shall be certified (i.e. grown under root rot free conditions in accordance with Department of Food and Agriculture regulations summarized in University of California Bulletin FR-AVO CP-296-700-11/26 BA, and purchased from a nursery certified by the State of California, Department of Agriculture. The trees must be moved directly from nursery to the parcel and must be covered by a tag attesting to their certification and signed by a state inspector.

If not so moved, data will be required as to manner and condition of storage and the ACC may require root rot testing be conducted as specified below. In lieu of tree certificates, owners may, in coordination with the ACC and under the direction of a California Licensed Entomologist, conduct P. Cinnamoni (root toe fungus) testing using the Persia Indica trap method to establish reasonable confidence that the plantings are root rot free. All questionable trees or fifteen (15) trees per planting lot (defined as all trees of a single variety from a single nursery), which ever is greater, must be tested. If the planting lot is less than 15 trees, each tree must be tested, but only once. If any testing is positive, the trees should not be bought for use in the area of the Santa Margarita Association. The results of the tests must be delivered to the ACC prior to shipment. The committee shall not approve any planting lot that has a positive test.

(b) The ACC shall not approve the planting of any avocado trees or grape vines that do not meet the above requirements.

(c) The Association or the Committee or their agents, after reasonable notice, shall have the right to enter upon any parcel and, at the expense of the owner of the parcel, remove P. Cinnamoni infected or diseased avocado trees and/or spray the same and/or take measures as either may reasonably deem necessary to protect the subject property from the spread of such infection.

6.11 Utilities. All telephone and power utility services are to be run underground from the streets to the homesite and other improvements.

6.12 Minimum Parcel Size. No Owner shall further partition or subdivide his Parcel so as to result in the creation of a Parcel less than five (5) gross acres in size.

ARTICLE VII DUTIES AND POWERS OF THE ASSOCIATION

7.01 Duties and Powers. In addition to the duties and powers enumerated in the Articles of Incorporation and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

- (a) Own, maintain, and otherwise manage the common areas and all facilities, improvements and landscaping thereon, and all other property acquired by the Association.
- (b) Pay real and personal property taxes and other charges assessed against the common areas.
- (c) Have the authority to obtain for the benefit of all the common areas, all water, gas and electrical services and refuse collections.
- (d) Grant easements where necessary for utilities and sewer facilities over the common areas to serve the common areas and the parcels.
- (e) Maintain such policy or policies of insurance as the Board of Directors of the Association deem necessary or desirable in furthering the purposes of and protecting the interests of the Association and its members.
- (f) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as manager or managing agent shall provide for the right of the Association to terminate the same at the next annual meeting of the members of the Association.
- (g) Have the power to establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Directors of the Association.
- (h) Formulate, adopt and publish rules and regulations covering the use of the Properties, and the personal conduct of the members and their guests thereon.

ARTICLE VIII
ARCHITECTURAL CONTROL COMMITTEE

8.01 Composition of the Committee. There shall be established an Architectural Control Committee (ACC). There shall be a minimum of three (3) members and a maximum of five (5), and the business address of the Committee shall be that of the secretary of the Santa Margarita Association. The membership of the Committee shall be composed of appointees by the Board of Directors. The Board may by a majority vote of the entire Board, remove an ACC member. The majority of the Committee may designate a representative of the committee to act for it. In the event of death, removal or resignation of any member of the Committee, the Board of Directors of the Association shall appoint a successor for the remaining term. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant.

8.02 Committee Approval. The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee or its designated representative fails to approve or disapprove plans and specifications within thirty (30) days after such plans and specifications have been submitted to it, approval will not be required and such plans and specifications shall be deemed approved as submitted.

8.03 Committee Procedures.

(a) No structure or other improvements, including fencing, roofing, exterior design and landscaping thereof, shall be erected, altered, remodeled, placed or maintained on any parcel or any portion thereof unless two (2) sets of plans and specifications therefor shall have been submitted to and approved in writing by the ACC. This applies to both the preliminary and the final construction plans.

(b) The plans shall include a plot plan showing the location of each structure on the building sites, floor plan, roof plan, exterior elevations, and salient exterior details and color scheme, including type and location of drives, walks, fences, swimming pools, patios and the like. The site plan shall be in sufficient detail to show a proposed method of treatment of possible drainage problems and that adequate drainage facilities for storm and surface water have been provided for each parcel. Exterior elevations shall indicate the materials to be used and designate the exterior colors to be used by means of actual color samples.

(c) Both the preliminary and final construction plans and specifications shall be a copy of those submitted to the County of Riverside for approval, and shall be approved by the Committee as to the quality of workmanship and materials, harmony of exterior design with existing structures, location, enhancement or detracting from the value of surrounding parcels and general aesthetic appearance.

(d) Landscaping plans shall also be submitted for approval by the Committee prior to commencement of any construction, such plans shall be the same as the site plan and shall show both the size and type of materials to be used.

(e) Final building plans, accompanied by a letter requesting approval by the Committee, together with a fee of \$50.00 shall be submitted to the ACC. Approval by the ACC shall be in writing.

8.04 Liability of Committee. Neither Declarant, the members of the Committee or its representative, their successors or assigns, shall be liable in damage to anyone submitting plans to them for approval, or to any owner or lessee of any parcel affected by this Declaration, by reason or mistake in judgement, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any plans submitted. Every person who submits plans to the Committee for approval agrees, by submission of such plans, and every owner or lessee of any parcel within the Property agrees, by acquiring title thereto or interest therein, that he will not bring any action or suit against Declarant, the members of the Committee, or its representative, to recover any such damages.

8.05 Indemnification. The Association shall and does hereby indemnify the Committee (and each member thereof), against all expenses and liabilities, including attorneys' fees, reasonably incurred by such person or persons in connection with any proceeding to which he may be a party, by reason of his being or having been a Committee member, except in such cases where he has committed a willful misfeasance or malfeasance in the performance of his duties.

ARTICLE IX
REGULATION OF OPERATIONS AND USES

9.01 Permitted Operations and Uses. Unless otherwise specifically prohibited herein, any agricultural operation and use will be permitted if it is performed or carried out so as not to cause or produce a nuisance to adjacent parcels.

9.02 Prohibited Operations and Uses. The following operations and uses are prohibited:

- (a) Heavy industrial or manufacturing, but nothing contained herein shall prohibit the drying, packing, canning, freezing and other acceptable methods of processing fruits, nuts, vegetables and other agricultural products on any parcel where such drying, packing, canning, freezing, or processing is primarily in conjunction with the agricultural operation on that parcel or other light industrial or manufacturing use.
- (b) Junk yards or dumps.
- (c) Drilling for and/or the removal of oil, gas or other hydrocarbon substances.
- (d) Distillation of bones.
- (e) Fat rendering.
- (f) Stockyard or slaughter of animals, except those animals produced on that parcel.
- (g) Grange halls.
- (h) Farm labor camps.
- (i) Community auctions and sales yards.
- (j) Menageries, alligator farms, ostrich farms, poultry farms or the raising of any fur bearing animals such as chinchillas, mink or fox farms.
- (k) Dairies and dairy purposes.
- (l) Commercial raising of pigs, sheep or goats.
- (m) Dog Kennels.
- (n) Drilling for and/or the removal of water, except by Declarant or a public water agency; provided, however, until such time as a public water agency has commenced service to the Subject Property, a well may be drilled and maintained on the property for domestic or non-commercial agricultural use.

9.03 Cable Television Regulation. If at the time of occupancy of the house constructed on any lot there is available underground community television antenna connection cable, then no outside television or radio pole or antenna shall be constructed, erected or maintained on any lot located in such a manner as to be visible from the outside of any such building except by and with the express prior written consent of the Association. Such prior written consent shall not be required in the event said television antenna cable is not available at the date of occupancy of the house constructed on the lot. Upon the written demand of the Association and after availability of underground television antenna connection cable, any private antenna shall be promptly removed.

9.04 Satellite dishes are permitted if screened from public view.

9.05 Reserved Easements. Declarant, as a successor in interest, has reserved to itself, its successors and assigns, together with the right to grant same to others (1) road easements for public purposes over and across those portions of the properties included within any strips of land shown as "road easements" or similar terminology or any subdivision map recorded of the properties and an easement as necessary for construction and maintenance of such slopes, at a ratio of two (2) horizontal to one (1) vertical and easements for other utilities, including, but not limited to, cable television, sanitary sewers, water, gas, and electricity, drainage purposes, and equestrian purposes ten (10) feet wide on each side of common lot lines and fifteen (15) feet wide along perimeter lot lines, except where lot lines are coincident with road easement centerlines, in which case the reservation shall be equal to one-half (1/2) the width of the total road easement plus twenty (20) feet.

ARTICLE X

ANNEXATION

10.01 Annexation by Consent. Additional property in Common Areas, within the real property described within Exhibit "A", may be annexed to the Association with the consent of the Majority of voting power of the Association, excluding the declarant, either directly or by merger with any other similar Association.

10.02 Procedure. The additions authorized hereby shall be made by recording a supplemental Declaration of Covenants, Conditions and Restrictions, or similar instrument, with respect to the additional properties which shall extend the scheme of the Declaration and Jurisdiction of the Association to such properties. Subject to the provisions of Section 11 below, such supplementary Declarations contemplated herein may contain such complimentary additions and modifications of the Covenants, Conditions and Restrictions contained in this Covenants, Conditions and Restrictions as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of these Covenants, Conditions and Restrictions.

10.03 Assessments and Voting. Assessments on all properties annexed shall commence on the First (1) day of the month following the approval and recording of the Supplementary Declaration of Covenants, Conditions and Restrictions or similar Instrument. Voting rights shall not vest in the annexed parcels until assessments on these parcels have been levied by the Association.

ARTICLE XI

TERM, TERMINATION, MODIFICATION AND ASSIGNMENTS OF DECLARANT'S RIGHTS AND DUTIES

11.01 Termination and Modification. This Declaration or any provisions hereof, or any covenant, condition or restriction contained herein, may be terminated, extended, modified or amended, as to the whole of the Property of any portion thereof, with the written consent of fifty-one percent (51%) of all the Owners. No such termination, extension, modification or amendment shall be effective until a proper instrument in writing has been executed and acknowledged and recorded in the office of the Recorder of Riverside County, California.

11.02 Assignment of Declarant's Rights and Duties. Any and all of the rights, powers, and reservations of Declarant herein contained may be assigned to any person, corporation or association which will assume the duties of Declarant pertaining to the particular rights, powers and reservations assigned and upon any such person, corporation or association's evidencing its consent in writing to accept such assignment, and assume such duties, he or it shall, to the extent of such assignment have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. The term "Declarant" as used herein includes all such assignees and their heirs, successors and assigns. If at any time Declarant ceases to exist and has not made such an assignment, a successor Declarant may be appointed in the same manner as these restrictions may be terminated, extended, modified or amended under Section 11.01 of this Article XI.

ARTICLE XII

GENERAL PROVISIONS

12.01 Enforcement. The Association, its representatives, or owners shall have the following means of enforcing the Declaration of Covenants, Conditions and Restrictions and or any amendment to the same.

(a) The County of Riverside, the Association or the owner of any parcel in the Property, including the declarant, shall have the right to enforce by proceedings at law or in equity of all covenants and provisions now or hereinafter imposed by these covenants, respectively, including, without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied and or recover damages for said violation.

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

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

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

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

(f) Monetary penalties may be assessed against a member and/or said member's voting rights may be suspended for the period during which any assessment against said member's parcel remains unpaid; provided, however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with respect to the accused member before a decision to impose discipline is reached (to wit, the accused member shall be given fifteen (15) days proper notice sent by first class or registered mail, and the notice shall specify the reasons for the proposed penalty or suspension and shall provide an opportunity for the person to be heard in person or in writing not less than five (5) days before such penalty or suspension is imposed by the Board of Directors, and

(g) A member's voting rights may be suspended for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations; provided, however, the due process requirements set forth in Section 7341 of the California Corporation's Code shall be followed with respect to the accused member before a decision to impose discipline is reached.

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

(i) Power to Settle Claims. The Board shall have the power and authority to compromise, settle and release and otherwise adjust claims, demands, causes of action and liabilities in favor of the Association and the owners, on behalf of the Association and owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or related to a condition or defect common to all or a majority of the parcels or to the development, design, construction, repair or maintenance of or damage or injury to or defect in the common area or part thereof, and the Association shall have the right and power to make and receive all payments or other consideration therefor and in connection therewith. For such purposes, the Board shall be and hereby is irrevocably appointed attorney-in-fact to act on behalf of all owners upon such terms and conditions and for such consideration as may be approved by the Board.

12.02 Non-liability and Indemnification.

(a) General Limitation. Except as specifically provided herein, in the By-Laws, or as provided by law, no right, power, or responsibility conferred on the Board or the ACC by this Declaration, the Articles or the By-Laws shall be construed as a duty, obligation or disability charged upon the Board, the ACC, any member of the Board or of the ACC, or any other officer, employee or agent of the Association. No such Person shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's acts or omissions within what such Person reasonably believed to be the scope of his Association duties ("Official Acts"), except to the extent that such injuries or damage result from such Person's willful malicious misconduct. No such Person shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct.

(b) Bodily Injury Damages Limitation: No person who suffers bodily injury (including without limitation emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer Board member or volunteer Association officer shall recover damages from such Board member or officer if all of the following conditions are satisfied.

(1) At the time the act or omission occurred, the Board member or officer resided in the Properties as either a tenant or an Owner of two (2) or fewer Parcels.

(2) The act or omission was performed within the scope of the Board member's or officer's Association duties;

(3) The act or omission was performed in good faith;

(4) The act or omission was not willful, wanton or grossly negligent; and

(5) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim was made general liability insurance in the amount of at least five hundred thousand dollars (\$500,000.00) if the Properties then consisted of one hundred (100) or fewer Parcels, and at least one million dollars (\$1,000,000.00) if the Properties then consisted of more than one hundred (100) Parcels.

A Board Member or Association officer who at the time of the act or omission received direct or indirect compensation as an employee from a financial institution which purchased a Parcel at a judicial or nonjudicial foreclosure of a Mortgage is not a volunteer for purposes of this Section 12.02(b). The payment of actual expenses incurred by a Board member or Association officer does not affect the member's or officer's status as a volunteer for purposes of this Section 12.02(b).

(c) Indemnification. The Association shall pay all expenses incurred by, and satisfy any judgement or fine levied against, any Person as a result of any action or threatened action against such Person to impose liability on such Person for his Official Acts, provided that:

(1) The Board determines that such Person acted in good faith and in a manner such Person reasonably believed to be in the best interests of the Association;

(2) In the case of a criminal proceeding, the Board determines that such Person had no reasonable cause to believe his conduct was unlawful; and

(3) In the case of an action or threatened action by or in the right of the Association, the Board determines that such Person acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this Section 12.02(c) must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote of a majority of a quorum of the members of the Association voting at a meeting of the Association called for such purpose, provided that the Person to be indemnified shall not be entitled to vote. Payments made hereunder shall include amounts paid and expenses incurred in settling any such action or threatened action. This Section 12.02(c) shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law. The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

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

12.04 Term. The covenants set forth in this Declaration shall run with and bind the property and shall inure to the benefit of and be enforceable by the Association or the owner of the land subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a period of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then owners, has been recorded, agreeing to change said covenants and restrictions in whole or in part.

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

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

12.07 Amendments. This Declaration of Restrictions may be amended by an affirmative vote of not less than fifty-one percent of the members, and further this amendment provision shall not be amended to allow amendments by vote of less than fifty-one percent of the members.

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

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

12.10 Property Exemption. All Public Property within the Property shall be exempt from the provisions of this declaration.

12.11 Notices. Any notice required to be sent to any member of the Association or owner under the provisions of this declaration shall be deemed to have been received when mailed with proper postage prepaid to the last known address of the person who appears as member on the records of the Association at the time of such mailing, or in case of hand delivery, upon delivery to such known address.

12.12 Notice of Transfer. Upon the sale or other transfer of any parcel or properties, including subdivision of any parcel or properties, either the owner who transfers said property or the transferee shall promptly notify the Association in writing, of the name and address of the transferee, the nature of the transfer, the properties or parcel, as well as such other information relative to the transfer and the transferee, the nature of the transfer, the properties or parcel, as well as such other information relative to the transfer and the transferee as the Association may reasonably request. An executed copy of the instrument of Transfer shall be transmitted to the Association, including, but not limited to, transfers occurring by reason of sale, lease, gift, devise, or inheritance. The provisions of this section shall not apply to Declarant.

12.13 Power of Attorney. To the extent necessary to carry out and enforce the provisions of these Covenants, Conditions and Restrictions, separate and irrevocable powers of attorney, coupled with an interest, are granted to the Association by the Owners: provided however, that this Section shall not effect, limit or abridge, in any way, the rights reserved by the Association in this Declaration.

12.14 Limitation of Liability. Neither the Association, its agents or employees, its board or any member or officer thereof, nor any of them, shall be liable for any failure to provide any service or perform any duty, function or responsibility designated or provided in these Covenants, Conditions and Restrictions or the By-Laws to be performed by the same, or for injury and/or damage to persons or property caused by fire, explosion, the elements or by another owner or person within the Association or resulting from electricity, water, rain, dust or sand which may leak or flow from any parcel or properties or from any pipes, drains, conduits, appliances or equipment, or from any other place or cause, unless caused by the willful misconduct of the person or entity seeking benefit of this limitation of liability.

12.15 Waiver of Homestead Exemption. Each owner does hereby waive to the fullest extent as permitted by law, with respect only to the assessment liens created pursuant to these Covenants, Conditions, and Restrictions, the benefit of any homestead or exemption or redemption laws of the State of California in effect at the time of any assessment, whether regular or special, becomes delinquent as herein provided and such owners shall be deemed estopped to raise said homestead or other exemption or redemption in any action or proceeding to enforce or foreclose such assessments.

EXHIBIT A

ENCUMBERED PROPERTY

Parcels 6 through 13 inclusive of Parcel Map No. 72-18P, in the County of Riverside, State of California, as per map filed in Book 5, pages 12 through 17 inclusive of Parcel Maps in the office of the County Recorder of said county.

ADDABLE PROPERTY

Parcels 4,5,14,15,16,19,20,21,22,23,24,28,29, and 32 through 52 inclusive of Parcel Map 72-18P, in the County of Riverside, State of California, as per map filed in Book 5, pages 12 through 17 inclusive of Parcel Maps in the office of the County Recorder of said county.

Parcels 1 through 11 inclusive of Parcel Map No. 4589-1, in the County of Riverside, State of California, as per map filed in Book 6, pages 58 through 72 inclusive of Parcel Maps in the office of the County Recorder of said county.

Parcels 1 through 25 inclusive of Parcel Map No. 4745, in the County of Riverside, State of California, as per map filed in Book 8, pages 78 through 83 inclusive of Parcel Maps in the office of the County Recorder of said county.

COMMON AREA

An easement over that portion of Camaron Road, 66 feet wide, lying within parcels 6 through 13 inclusive of Parcel Map No. 72-18P, recorded in Book 5, pages 12 through 17, inclusive of Parcel Maps, records of Riverside County, California.

The above described road has been irrevocably dedicated to the County of Riverside per Document No. 60581, recorded May 10, 1972.

In witness whereof, the undersigned, being the President of the Santa Margarita Association and the Secretary of the Santa Margarita Association have hereunto set their hands and the seal of said Association this day of

Santa Margarita Association, A California Corporation

BY: _____
Roy Keenan, President

BY: _____
William J. Kaffer, Secretary

SANTA MARGARITA ASSOCIATION

