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P. P. [Signature]

DECLARATION OF RESTRICTIONS

FOR

BERNARDO HEIGHTS 12 CONDOMINIUMS

HAS BRISAS CONDOS

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DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS is made as of this 13th day of August, 1981, by UDC DEVELOPMENT COMPANY, a California corporation, hereinafter called "Declarant;"

This Declaration is made with reference to the following

RECITALS:

A. Declarant is the owner of the real property located in The City of San Diego, County of San Diego, California, more particularly described on Exhibit "A" attached hereto, hereinafter called the "Real Property."

B. Declarant intends to develop and improve the Real Property by constructing thereon in phases detached single-family homes and attached residential condominiums. In the event that the Real Property is developed as planned, it is anticipated that there will be approximately 700 residential dwelling units constructed thereon. There is no guarantee that all of the Real Property will be developed as planned or that the phasing of its development will occur in any particular manner.

C. Declarant has or will hereafter file a Condominium Plan with the Office of the County Recorder of San Diego County, California covering a portion of the Real Property, to wit:

Lot 107 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981,

hereinafter called the "Condominium Property."

D. Declarant has or intends to improve the Condominium Property by establishing thereon twenty-four (24) condominium units and intends to establish a condominium project under the provisions of the California Condominium Act providing for separate title to Living Units (as hereinafter defined) appurtenant to which will be an undivided fractional interest in the Common Area (as hereinafter defined).

The development of the Condominium Property is the first phase of a planned seven (7) phase overall condominium project to be located on Lots within BERNARDO HEIGHTS UNIT NO. 12 (Map No. 9970) as follows:

<u>Phase</u>	<u>Lot</u>	<u># of Condominium Units</u>
I	107	24
II	108	29
III	104	25
IV	110	30
V	112, 113, 114	37
VI	116, 117	31
VII	103	10

E. There is no guarantee that the phasing of the condominium project will be as set forth above. There is no guarantee that all phases will be constructed or completed. The owners of a condominium in each phase will receive title to a Living Unit plus an undivided fractional interest as tenant in common to the Common Area (as hereinafter defined) located within that phase. In addition, each owner of a condominium will receive the exclusive right to use and occupancy of a portion of the Common Area within that phase designated as Entries and Yards, all as shown on the Condominium Plan (as hereinafter defined) covering that phase. Each owner of a condominium will also receive an easement for ingress, egress and recreational use over portions of the Common Area of each of the other phases. If all phases are completed as planned there will be a total of 186 condominiums in the overall condominium project. Each condominium shall have appurtenant to it a membership in BERNARDO HEIGHTS UNIT NO. 12 ASSOCIATION OF HOMEOWNERS, a California nonprofit mutual benefit corporation ("Corporation"), which will be the management body for the overall condominium project.

F. The development of the Condominium Property and of the overall condominium project, consisting of the seven (7) phases described above in Recital D, are also phases of the overall planned development of the Real Property, of which the seven (7) phases are only a part. The overall planned development of the Real Property will consist of detached and attached single-family homes on separate lots as well as condominiums. Each condominium in the Condominium Property has appurtenant to it a membership in BERNARDO HEIGHTS II RECREATION ASSOCIATION, a California nonprofit mutual benefit corporation ("Association") which is the management body for the overall planned development of the Real Property. It is planned that all phases of the condominium project described in Recital D above shall have appurtenant to it a membership in the Association. Upon the development of the remainder of the Real Property, owners of lots and condominiums therein may become members of the Association. There is no guarantee that the remainder of the Real Property will be developed or that all of the owners of lots or condominiums therein will become members of the Association. In the event all of the Real Property is developed as planned, there will be approxi-

mately 700 total residential dwellings, each of which may have appurtenant to it a membership in the Association. The Association will own the Recreation Area (as hereinafter defined) and may own certain additional property and interests in property.

G. The Real Property is a part of the planned overall development of the Community of Bernardo Heights. Each lot subject to this Declaration will be subject to assessment by The Community Association of Bernardo Heights, a California nonprofit mutual benefit corporation, and will be subject to the Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights ("Community Declaration"). The Association is the "Neighborhood Association" for the property owned by the members of the Association as that term is defined in the Community Declaration; the property owned by the members of the Association shall constitute a "Neighborhood" as that term is defined in the Community Declaration.

H. Before selling or conveying any interests in the Condominium Property, Declarant desires to subject the Condominium Property in accordance with a common plan to certain covenants, conditions and restrictions for the benefit of Declarant and any and all present and future owners of the Real Property.

NOW, THEREFORE, Declarant hereby certifies and declares and does hereby establish the following general plan for the protection and benefit of all of the Condominium Property, and has fixed and does hereby fix the following protective covenants, conditions and restrictions upon each and every ownership interest in the Condominium Property, under which said covenants, conditions and restrictions each ownership interest in the Condominium Property shall be hereafter held, used, occupied, leased, sold, encumbered, conveyed and/or transferred. Each and all of said covenants, conditions and restrictions are for the purpose of protecting the value and desirability of and shall inure to the benefit of all of the Real Property and shall run with and be binding upon and pass with the Condominium Property and each and every ownership interest therein and shall inure to the benefit of, apply to and bind the respective successors in title or interest of Declarant.

ARTICLE I

DEFINITIONS

Section 1. "Articles" shall mean and refer to the Articles of Incorporation of the Corporation as they may from time to time be amended.

Section 2. "Association" shall mean and refer to BERNARDO HEIGHTS II RECREATION ASSOCIATION, a California Nonprofit Mutual Benefit Corporation, its successors and assigns.

Section 3. "Association Articles" shall mean and refer to the Articles of Incorporation of the Association as they may from time to time be amended.

Section 4. "Association Board" shall mean and refer to the Board of Directors of the Association.

Section 5. "Association Bylaws" shall mean and refer to the Bylaws of the Association as they may from time to time be amended.

Section 6. "Board" shall mean and refer to the Board of Directors of the Corporation.

Section 7. "Bylaws" shall mean and refer to the Bylaws of the Corporation as they may from time to time be amended.

Section 8. "Common Area" shall mean and refer to all portions of the Condominium Property not located within a Living Unit.

Section 9. "Community" shall mean and refer to the Community of Bernardo Heights of which the Real Property is a constituent part, being all of the real property subject to the Community Declaration or annexed thereto.

Section 10. "Community Architectural Committee" shall mean and refer to the Community Architectural Committee established pursuant to Article VIII of the Community Declaration.

Section 11. "Community Articles" shall mean and refer to the Articles of Incorporation of the Community Association, as they may from time to time be amended.

Section 12. "Community Assessments" shall mean and refer to the assessments levied by the Community Association pursuant to the Community Declaration.

Section 13. "Community Association" shall mean and refer to The Community Association of Bernardo Heights as defined and established in the Community Declaration.

Section 14. "Community Board" shall mean and refer to the Board of Directors of the Community Association.

Section 15. "Community Bylaws" shall mean and refer to the Bylaws of the Community Association duly adopted by the Community Board.

Section 16. "Community Common Area" shall mean and refer to all real property in which the Community Association owns an interest for the common use and benefit of the Community Members, their lessees, guests, invitees or patrons. The Community Common Area may include interests held by lease or easement as well as estates in fee.

Section 17. "Community Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for the Community of Bernardo Heights recorded on September 30, 1980, Official Records of San Diego County, as File No. 80-319018, and such amendments thereto as shall from time to time be recorded.

Section 18. "Community Member" shall mean and refer to any entity holding membership in the Community Association.

Section 19. "Community Rules" shall mean the Rules adopted by the Community Board pursuant to Section 3.8 of the Community Declaration.

Section 20. "Condominium" shall mean and refer to a fee simple estate in the Condominium Property as defined in Section 783 of the California Civil Code and shall consist of a separate interest in a Living Unit and an undivided fractional interest as tenant in common in the Common Area, together with any Exclusive Use Area conveyed appurtenant thereto.

Section 21. "Condominium Plan" shall mean and refer to the Condominium Plan(s) recorded pursuant to California Civil Code Section 1351 covering the Condominium Property or portions thereof, including such amendments thereto as may from time to time be recorded.

Section 22. "Condominium Property" shall mean and refer to that real property located in The City of San Diego, County of San Diego, California, described as:

Lot 107 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981,

and such additions thereto as may be annexed to the jurisdiction of the Corporation.

Section 23. "Corporation" shall mean and refer to BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS, a California Nonprofit Mutual Benefit Corporation, its successors and assigns.

Section 24. "Declarant" shall mean and refer to UDC DEVELOPMENT COMPANY, a California corporation, its successors and assigns.

Section 25. "Declaration" shall mean and refer to this enabling Declaration of Restrictions as it may from time to time be amended.

Section 26. "Exclusive Use Area" shall mean and refer to those portions of the Common Area to which an exclusive right to use is granted to an Owner as shown and described on the Condominium Plan and shall consist of Entries and Yards.

Section 27. "Living Unit" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan.

Section 28. "Lot" shall mean and refer to any plot of land (other than the Recreation Area) shown upon any recorded Final Map or Parcel Map (as those terms are defined in the California Subdivision Map Act) of the Real Property, the Owner of which is required by Declaration to be a member of the Association; provided, however, that in the event a Condominium Plan is recorded pursuant to California Civil Code Section 1351 covering a Lot, the "Lot" shall mean and refer to each Condominium shown thereon.

Section 29. "Member" shall mean and refer to a person entitled to membership in the Corporation as provided herein.

Section 30. "Mortgage" shall mean and refer to a deed of trust as well as a mortgage.

Section 31. "Mortgagee" shall mean and refer to a beneficiary under or holder of a deed of trust as well as a mortgagee.

Section 32. "Mortgagor" shall mean and refer to the trustor of a deed of trust as well as a mortgagor.

Section 33. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of fee simple title to any Condominium which is a part of the Condominium Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 34. "Project" shall mean and refer to the entire Condominium Property, including all structures and improvements erected or to be erected thereon.

Section 35. "Real Property" shall mean and refer to that real property located in The City of San Diego, County of San Diego, California, described on Exhibit "A" attached hereto.

Section 36. "Recreation Area" shall mean all real property (including improvements thereon and interests therein) owned by the Association. The Recreation Area to be owned by the Association at the time of the conveyance of the first Condominium to an Owner is described as follows:

Lots 97, 98, 99, 101 and 102 of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, on January 14, 1981; and

Lot 106 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981.

ARTICLE II

PROPERTY RIGHTS IN RECREATION AREA

Section 1. Owners' Easements of Enjoyment. Every Owner of a Condominium shall have a right and easement of ingress and egress and of enjoyment in and to the Recreation Area which shall be appurtenant to and shall pass with the title to each Condominium, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Recreation Area.

(b) The right of the Association, after an opportunity for a hearing before the Association Board as provided in the Association Bylaws, to suspend the voting rights and right to use of any recreational facilities by an Owner for nonpayment of any assessment by the Association against his Condominium or he is otherwise in breach of his obligations under this Declaration, the Association Articles or Association Bylaws or the rules and regulations of the Association Board, all as set forth in the Association Bylaws.

(c) The right of the Association to dedicate or transfer all or any part of the Recreation Area to any public agency, authority or utility subject to such conditions as may be agreed to by the Association members. No such dedication or transfer shall be effective except upon the vote or written consent of two-thirds (2/3) of each class of members of the Association.

The granting of easements for public utilities or for other public purposes consistent with the intended use of the Recreation Area, and the granting of easements for maintenance purposes, shall be deemed not to be a dedication or transfer requiring the vote or written consent of the Association members.

(d) The right of the Association Board to adopt rules and regulations regarding reasonable use of the Recreation Area.

(e) Any restrictions or limitations on use imposed upon the Association in connection with its ownership of the Recreation Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Association Bylaws, his right of enjoyment to the Recreation Area and facilities to the members of his family, his tenants or contract purchasers who reside in his Condominium; provided, however, that if any Owner delegates such right of enjoyment to tenants or contract purchasers, neither the Owner nor his family shall be entitled to use such facilities by reason of ownership of that Condominium during the period of delegation. Guests of an Owner may use such facilities only in accordance with rules and regulations adopted by the Association Board.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

Section 1. Membership in Association. Every Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Condominium. Every Owner shall promptly, fully and faithfully comply with and abide by the Association Articles and Association Bylaws and the rules and regulations adopted from time to time by the Association Board and the officers of the Association.

Section 2. Classes of Membership. The Association shall have two (2) classes of voting membership, as set forth in the Association Bylaws.

Section 3. Duty of Association. The Association, acting through the Association Board, shall have the sole and exclusive right and duty to manage, operate, control, repair, replace and restore the Recreation Area, together with the improvements, trees, shrubbery, plants and grass thereon, all as more fully set forth in the Association Bylaws and the terms and conditions pursuant to which the Association owns the Recreation Area.

Section 4. Non-Liability of Association Board. In discharging their duties and responsibilities, the Association Board acts

on behalf of and as the representative of the Association which acts on behalf of and as the representative of the Owners, and no member of the Association Board shall be individually or personally liable for performance or failure of performance of his duties and responsibilities unless he fails to act in good faith.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS TO ASSOCIATION

Section 1. Creation of Liens. The Declarant, for each Condominium owned, hereby covenants, and each Owner of a Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (i) regular assessments, and (ii) special assessments, such assessments to be established and collected as provided in the Association Bylaws. The regular and special assessments, together with interest, costs, penalties and reasonable attorney's fees, shall be a charge on the Condominium and shall be a continuing lien upon the Condominium against which each such assessment is made. Each such assessment, together with interest, costs, penalties and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Condominium at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of its members and for the improvement and maintenance of the Recreation Area.

Section 3. Uniform Rate of Assessments. Except as otherwise provided in the Association Bylaws, both regular and special assessments shall be fixed at a uniform rate for all Condominiums and may be collected on a monthly basis or otherwise as determined by the Association Board.

Section 4. Commencement of Assessments. The regular assessments provided for herein shall commence as to all Condominiums in the first phase of development of the Condominium Property on the first day of the month following the first conveyance by Declarant of a Condominium in the first phase to an Owner. Regular assessments for Condominiums in subsequent phases of the development of the Condominium Property shall commence on the first day of the month following the conveyance by Declarant of a Condominium to an Owner in that phase. Written notice of the regular assessment shall be sent to every Owner subject thereto. The amount and due dates of the regular assessment shall be

established by the Association Board as provided in the Association Bylaws. 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 Condominium have been paid.

Section 5. Delinquent Assessments. Any assessment made by the Association in accordance with this Declaration shall be a debt of the Owner of a Condominium at the time the assessment is made. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, and in addition thereto or in lieu thereof, may foreclose the lien against the Condominium. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Recreation Area or abandonment of his Condominium.

Any assessment not paid within thirty (30) days after the due date shall be delinquent. The amount of any such delinquent assessment, plus any other charges thereof, as provided for in this Declaration, shall be and become a lien upon the Condominium when the Association causes to be recorded with the County Recorder of San Diego County, a Notice of Delinquent Assessment, which shall state the amount of such delinquent assessment and such other charges thereon as may be authorized by this Declaration, a description of the Condominium against which the same has been assessed and the name of the record owner thereof. Such notice shall be signed by the President or Vice President, and the Secretary or Assistant Secretary of the Association. Upon payment of such delinquent assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof.

Unless sooner satisfied and released, or the enforcement thereof initiated as hereinafter provided, such lien shall expire and be of no further force and effect one (1) year from the date of recordation of th Notice of Delinquent Assessment. The one (1) year period may be extended by the Association for not to exceed one (1) additional year by recording a written extension thereof.

Such lien may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the Owner to pay such assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the California Civil Code, applicable to the exercise of powers of sale in

Mortgages or in any other manner permitted by law. The Association shall have the power to purchase the Condominium at foreclosure sale and to hold, lease, mortgage and convey the same.

Section 6. Subordination to First Mortgages. The lien of the assessments provided for herein shall be prior to all other liens recorded subsequent to the recordation of the Notice of Delinquent Assessment, except that the lien of the assessment, provided for herein, shall be subordinate to (i) the lien of assessment imposed pursuant to the Community Declaration and (ii) the lien of any first Mortgage given for value, and the sale or transfer of any Condominium pursuant to first Mortgage foreclosure 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 Condominium from liability for any assessments thereafter becoming due or from the lien thereon.

ARTICLE V

COMMUNITY ASSOCIATION

Section 1. Easement to Community Association. The officers, agents, employees and independent contractors of the Community Association shall have a nonexclusive easement to enter upon the Real Property, or any portion thereof, for the purpose of performing or satisfying the duties and obligations of the Community Association as set forth in the Community Declaration, the Community Bylaws, the Community Articles, the Community Rules and the rules and regulations of the Community Architectural Committee.

Section 2. Subordination of Assessment Lien. Anything contained in this Declaration to the contrary notwithstanding, the lien of any assessment imposed upon any Condominium pursuant to this Declaration shall be subordinate and inferior to the lien of any assessment imposed upon such Condominium pursuant to the Community Declaration.

Section 3. Community Association Assessments. Declarant, for each Condominium which it owns hereby covenants, and each Owner of a Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, does and is hereby deemed to covenant and agree to pay to the Community Association the Community Assessments imposed upon such Condominiums pursuant to the Community Declaration. The Community Assessments shall be levied and collected as provided in the Community Declaration.

The Community Association, in its sole and absolute discretion, may elect to require the Association to administer, levy, collect and enforce the Community Assessments imposed upon Condominiums. All such funds collected by the Association shall be held in trust by the Association for the benefit of the Community Association, and such funds shall be disbursed to the Community Association as provided in the Community Declaration.

The Community Association, in its sole and absolute discretion, may elect to administer, levy, collect and enforce the assessments by the Association provided for under this Declaration. All such funds collected by the Community Association shall be utilized in the manner and for the purposes specified in this Declaration and in the Community Declaration, the Community Bylaws, the Community Articles, the Community Rules and the rules and regulations of the Community Architectural Committee.

Section 4. Enforcement. Breach of any of the limitations, restrictions, conditions and covenants set forth in this Declaration, or the continuation thereof, may be enjoined, abated or remedied by appropriate legal proceedings by the Community Association. The Community Association shall be deemed to be a person who may enforce the provisions of this Declaration pursuant to Article XVI hereof. The failure of the Community Association to enforce any of said limitations, restrictions, conditions or covenants shall not constitute a waiver of the right to enforce the same thereafter. No liability shall be imposed on, or incurred by, the Community Association as a result of such failure. The prevailing party in any action at law or in equity instituted by the Community Association to enforce or interpret said limitations, restrictions, conditions or covenants, shall be entitled to all costs incurred in connection therewith, including, without limitation, reasonable attorney's fees.

Section 5. Supremacy of Community Declaration. In addition to all of the rights and obligations which have been conferred or imposed upon the Association pursuant to this Declaration, the Bylaws or the Articles, the Association shall be entitled to exercise any of the rights conferred upon it and be subject to all of the obligations imposed upon it pursuant to the Community Declaration, the Community Bylaws or the Community Articles. The Association (including, without limitation, the Architectural Committee of the Association) shall also be subject to all superior rights and powers which have been conferred upon the Community Association pursuant to the Community Declaration, the Community Bylaws and the Community Articles.

Each Owner and such Owner's Condominium(s) shall be subject to all of the covenants, conditions, restrictions and provisions contained in the Community Declaration.

In the event of any conflict between any of the covenants, conditions, restrictions or provisions of this Declaration, the Bylaws or the Articles with any of the covenants, conditions, restrictions or provisions of the Community Declaration, the Community Bylaws or the Community Articles, then, in such event, the covenants, conditions, restrictions and provisions of the Community Declaration, the Community Bylaws and the Community Articles shall govern and prevail.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS IN CORPORATION

Section 1. Membership in Corporation. Every Owner of a Condominium shall be a Member of the Corporation. Membership shall be appurtenant to and may not be separated from ownership of any Condominium. Each Owner is obligated promptly, fully and faithfully to comply with and conform to the Declaration, Articles and Bylaws and the rules and regulations adopted thereunder from time to time by the Board and officers of the Corporation. Membership in the Corporation shall not be transferred, pledged or alienated in any way, except upon the sale of the Condominium to which it is appurtenant, and then only to the purchaser. The transfer of title to a Condominium or the sale of a Condominium and transfer of possession thereof to the purchaser shall automatically transfer the membership appurtenant to such Condominium to the transferee.

The Corporation shall have two classes of voting membership:

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

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Condominium owned. The Class B membership shall automatically terminate and forever cease to exist and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) Two (2) years following the date of original issuance by the California Department of Real Estate of the most recently issued Final Subdivision Public Report covering a phase of the Condominium Project; or

(c) Four (4) years following the date of original issuance by the California Department of Real Estate of its Final Subdivision Public Report covering the first phase of the Condominium Project.

Section 2. Management of Common Area. Except as otherwise provided herein, the Corporation acting through the Board and officers shall have the sole and exclusive right and duty to manage, operate, control, repair, replace or restore all of the Common Area or any portion thereof, together with the improvements, trees, shrubbery, plants and grass thereon, all as more fully set forth in this Declaration, the Articles and the Bylaws.

Section 3. Corporation Rules. The Board shall have the right to adopt reasonable rules not inconsistent with the provisions contained in this Declaration, and to amend the same from time to time relating to the use of the Common Area and the recreational and other facilities situated thereon by Owners and by their tenants or guests, and the conduct of such persons with respect to automobile parking, outside storage of boats, trailers, bicycles and other objects, disposal of waste materials, drying of laundry, control of pets and other activities which, if not so regulated, might detract from the appearance of the community or offend or cause inconvenience or danger to persons residing or visiting therein. Such rules may provide that the Owner of a Condominium whose occupant leaves property on the Common Area in violation of the rules may be assessed after appropriate notice and an opportunity for a hearing before the Board to cover the expense incurred by the Corporation in removing such property and storing or disposing thereof.

Section 4. Right of Entry. For the purpose of performing the maintenance of the Common Area or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Corporation's agents or employees shall have the right, after reasonable notice to the Owner, to enter any Living Unit or upon any portion of the Common Area (including any Exclusive Use Area) at reasonable hours; provided, however, except during an emergency, there shall be no entry into a Living Unit without the Owner's written consent, which consent shall not unreasonably be withheld. When there is an entrance into any Living Unit or Exclusive Use Area, such entrance shall be made with as little inconvenience to the Owner as possible and any damage caused shall be repaired by the Corporation.

Section 5. Nonliability. In discharging their duties and responsibilities, the Board acts on behalf of and as representative of the Corporation which acts on behalf of and as representative of the Owners, and no member thereof shall be individually or personally liable or obligated for performance or failure of performance of such duties or responsibilities unless he fails to act in good faith.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENTS TO CORPORATION

Section 1. Assessments. The Declarant, for each Condominium owned within the Condominium Property, hereby covenants, and each Owner of any Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Corporation in accordance with the Bylaws: (i) regular assessments, and (ii) special assessments, such assessments to be established and collected as hereafter set forth and as provided in the Bylaws. The regular assessments and any special assessments, together with interest, costs, penalties and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Condominium against which each such assessment is made. Each such assessment, together with interest, costs, penalties and reasonable attorney's fees shall also be the personal obligation of the person or persons who were the Owner(s) of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's bona fide and for value successors in title unless expressly assumed by them.

Section 2. Date of Assessments. Both regular and special assessments (other than special assessments imposed by reason of noncompliance with the Articles, Bylaws and Declaration or the rules and regulations adopted by the Board, or special assessments to raise funds for the rebuilding or major repair of a portion of the structural Common Area) shall be levied upon each Condominium at a uniform rate. A special assessment against the Owners to raise funds for the rebuilding or major repair of the structural Common Area of the Project shall be levied upon the basis of the ratio of the square footage of the Living Unit of the Condominium to be assessed to the total square footage of the floor area of all the Condominiums to be assessed. All Condominiums shall be so specially assessed in the event any Condominium is so specially assessed to raise funds for any such repair or rebuilding. An Owner may be specially assessed as a remedy of the Corporation, utilized by the Board, to reimburse the Corporation for costs incurred in bringing the Owner and/or his Condominium into compliance with the provisions of this Declaration, the Bylaws and rules and regulations adopted by the Board.

Section 3. Commencement of Assessments. The regular assessments shall commence as to all Condominiums in each phase of the Condominium Project on the first day of the calendar month following the close of the first sale of a Condominium by Declarant in that phase. Written notice of the assessment shall be given to every Owner subject thereto. Assessments may be collected on a monthly basis or otherwise as determined by the

Board. The Corporation shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the assessments on a specified Condominium have been paid.

Section 4. Delinquent Assessments. Any assessment not paid within thirty (30) days after the date due shall bear interest from the date due at the rate provided in the Bylaws.

Section 5. Lien of Assessments. At any time after any assessments levied by the Corporation affecting any Condominium have become delinquent, the Board may file for recording in the Office of the San Diego County Recorder a notice of delinquency as to such Condominium, which notice shall state all amounts which have become delinquent with respect to such Condominium and the costs (including attorney's fees), penalties and interest which have accrued thereon, the amount of any assessments relating to such Condominium which are due and payable although not delinquent, a description of the Condominium with respect to which the delinquent assessments are owed, and the name of the record or reputed record Owner of such Condominium. Such notice shall be signed by the President or other officer of the Board, or by a majority of the Members of the Board, or by the Corporation's attorney. In the event the delinquent assessments and all other assessments which have become due and payable with respect to the same Condominium, together with all costs (including attorney's fees), penalties and interest which have accrued on such amounts, are fully paid or otherwise satisfied prior to the completion of any sale held to foreclose the lien provided for in this Article, the Board shall record a further notice, similarly signed, stating the satisfaction and releasing of such lien. Immediately upon recording of any notice of delinquency pursuant to the foregoing provisions of this Section, the amounts delinquent, as set forth in such notice, together with the costs (including attorney's fees), penalties and interest accruing thereon, shall be and become a lien upon the Condominium described therein, which lien shall also secure all other payments and/or assessments which shall become due and payable with respect to said Condominium following such recording, and all costs (including attorney's fees), penalties and interest accruing thereon.

Section 6. Foreclosure of Lien. Each assessment lien may be foreclosed as and in the same manner as the foreclosure of a Mortgage upon real property under the laws of the State of California, or may be enforced by sale pursuant to Sections 2924 et seq. and Section 1356 of the California Civil Code, and to that end a power of sale is hereby conferred upon the Corporation.

Section 7. Subordination. The lien of the assessments provided for herein shall be subordinate to the lien of any first

Mortgage made in good faith and for value upon any Condominium, and sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of such Mortgage, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Condominium from lien rights for any assessments thereafter becoming due.

Section 8. Contribution to Capital. Upon acquisition of record title to a Condominium from Declarant, such Owner shall make a contribution to the capital of the Corporation in an amount equal to two (2) times the amount of the regular monthly assessment as determined by the Board. Said capital contribution is in addition to the regular and special assessments of the Corporation and shall apply only to the first sales of Condominiums by Declarant and shall not apply to any resale of Condominiums.

ARTICLE VIII

USE OF LIVING UNITS AND COMMON AREA AS DESCRIBED IN CONDOMINIUM PLAN

Section 1. Residential Purposes. Each Living Unit shall be improved, used and occupied for private, single-family dwelling purposes only, and no portion thereof nor the Common Area shall be used for any commercial purpose whatsoever; provided, however, Declarant may use any of the Living Units and Exclusive Use Areas owned or leased by Declarant as model homes and sales offices during that period of time commencing when the Condominiums are first sold or offered for sale to the public and ending when all the Condominiums in the Project are sold and conveyed by Declarant to separate owners thereof.

Section 2. Right to Lease. Each Owner shall have the right to lease his Condominium, provided that such lease is in writing and provides that the tenant shall be bound by and obligated to the provisions of this Declaration, the Bylaws and the rules and regulations of the Board and that the failure to comply with the provisions of these documents shall be a default under the lease. With the exception of a lender in possession of a Condominium following a default under a first Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Owner shall lease his Condominium for transient or hotel purposes. Any lease which is either for a period of less than thirty (30) days or pursuant to which the lessor provides any services normally associated with a hotel shall be deemed to be for transient or hotel purposes.

Section 3. No Use Causing Uninsurability. No Living Unit, Exclusive Use Area or improvements situated therein shall be

occupied or used for any purpose or in any manner which shall cause such improvements to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California Standard Fire Policy form, or cause any such policy or policies representing such insurance to be cancelled or suspended, or the company issuing the same to refuse renewal thereof.

Section 4. Pets. Not exceeding a total of two (2) usual and ordinary household pets (exclusive of caged birds and aquarium fish) may be kept in any Living Unit or Exclusive Use Area without the prior written consent of the Board. Pets shall not be allowed on other portions of the Common Area except as may be permitted by rules made by the Board. Except as provided hereinabove, no animals, livestock, birds or poultry shall be brought within the Condominium Property or kept in any Living Unit or on any portion of the Common Area. No pet shall be permitted to be kept within any portion of the Condominium Property if it makes excessive noise or otherwise constitutes an unreasonable annoyance to other Owners.

Section 5. No Nuisance. No Living Unit or Exclusive Use Area shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of other such areas or annoy them by unreasonable noise or otherwise, nor shall any nuisance be committed or permitted to occur in any Living Unit nor on the Common Area.

Section 6. Signs. No signs other than one (1) sign of customary and reasonable dimensions advertising a Condominium for sale or lease shall be erected or displayed in any Living Unit so that it is visible from without such area without the prior written permission of the Board, and all signs must conform with applicable governmental ordinances. No signs shall be erected or displayed on the Common Area except signs placed by authority of the Board. Anything contained in this Declaration to the contrary notwithstanding, Declarant shall have the right to install and maintain during the sales period set forth in Section 1 above such signs, poles and advertisements as it deems appropriate in connection with its sales program for the sale to the public of Condominiums.

Section 7. Antennae. There shall be no outside television or radio antennae, masts, poles or flag poles constructed, installed or maintained on the Condominium Property for any purpose whatsoever.

Section 8. No Modification of Common Area. Except as otherwise specifically provided herein, nothing herein contained shall give the Owner the right to paint, decorate, remodel, landscape or adorn any part or parcel of the Common Area without the written consent of the Board.

Section 9. No Offensive Activity. No noxious or offensive activity shall be carried on in any Living Unit or on the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Owners other than construction or repair of improvements made at the Board's instruction or at Declarant's instruction. Nothing shall be done in any Living Unit or in, on or to the Common Area which will impair the structural integrity of any building, or which would structurally change any building located therein. Except as otherwise provided herein, nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Board or the architectural committee appointed pursuant to Article IC of this Declaration. All equipment, garbage cans, wood piles or storage piles shall be kept screened and concealed from view of neighboring Living Units, streets and Common Area. All rubbish, trash or garbage shall be regularly removed from each Living Unit and shall not be allowed to accumulate thereon or on the adjacent Common Area. No fences, hedges or walls shall be erected or maintained upon the Condominium Property except such as are installed in accordance with the initial construction of the buildings located on the Condominium Property or as allowed by the Board. No exterior clotheslines shall be erected or maintained, and there shall be no outside drying or laundering of clothes on the Common Area, except in areas which may be approved by the Board.

Section 10. Power Equipment. No power equipment, hobby shops or car maintenance (other than emergency work) shall be permitted on the Condominium 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. Use of Common Area. Except as otherwise provided herein, the Common Area shall be improved and used only for the following purposes:

- (i) affording vehicular passage and pedestrian movement within the Condominium Property, including access to the Living Units;
- (ii) recreational use by the Owners and occupants of Living Units in the Condominium Property and their guests, subject to rules established by the Board;
- (iii) beautification of the Common Area and providing privacy to the residents of the Condominium Property through landscaping and such other means as the Board shall deem appropriate;

(iv) parking of automotive passenger vehicles in areas provided therefor as may be designated and approved by the Board by such persons, upon such terms and conditions and for such fees as may from time to time be determined by the Board;

(v) as Exclusive Use Areas to be used in the manner hereinafter described. Nothing herein shall be deemed to allow persons other than the Owner of a Living Unit to which an Exclusive Use Area is appurtenant (or his tenants and lessees) to enjoy the use thereof.

No part of the Common Area shall be obstructed so as to interfere with its use for the purposes hereinabove permitted, nor shall any part of the Common Area be used for storage purposes (except as incidental to one of such permitted uses, or for storage of maintenance equipment used exclusively to maintain the Common Area or in storage areas designated by the Board), nor in any manner which shall increase the rate of which insurance against loss by fire, or the perils of the extended coverage endorsement to the California Standard Fire Policy form, or bodily injury, or property damage liability insurance covering the Common Area and improvements situated thereon may be obtained, or cause such premises to be uninsurable against such risks or any policy or policies representing such insurance to be cancelled or suspended or the company issuing the same to refuse renewal thereof.

Section 12. Extension of Exclusive Use Area. The Board shall have the right to allow one or more Owners to exclusively use portions of the otherwise nonexclusive Common Area, provided that such portions of the Common Area are nominal in area and adjacent to the Owner's Exclusive Use Area(s) or Living Unit, and, provided further, that such use does not unreasonably interfere with any other Owner's use or enjoyment of the Project.

Section 13. Damage to Common Area. Each Owner shall be legally liable to the Corporation for all damages to the Common Area or to any improvements thereof or thereto, including, but not limited to, the buildings, recreation facilities and landscaping caused by such Owner, his licensee(s) or any occupant of such Owner's Living Unit as such liability may be determined under California law. Each Owner shall be responsible for compliance with the provisions of the Declaration, Articles, Bylaws and rules of the Board by his guests, lessees and all occupants of his Living Unit, and shall, after written notice and an opportunity for a hearing, pay the fines and penalties assessed pursuant hereto, the Bylaws or Board rules for any violation by his guests, lessees and occupants of his Living Unit.

Section 14. Decoration of Living Unit. Each Owner shall have the right, at his sole cost and expense, to maintain,

repair, paint, paper, panel, plaster, tile and finish the interior surfaces of the ceilings, floors, window frames, door frames, trim and perimeter walls of the Living Unit and the surfaces of the bearing walls and partitions located within the Living Unit. Said Owners shall have the right to substitute new finished surfaces in place of those existing on said ceiling, floors, walls and doors of said Living Unit.

Section 15. Exclusive Use Area Appurtenant. Each Exclusive Use Area shall be (i) appurtenant to the Living Unit with which the Exclusive Use Area is conveyed, and (ii) used only for the purposes set forth in this Declaration. The right to so use an Exclusive Use Area shall be exercisable only by the Owner(s) of the Condominium appurtenant thereto and/or said Owner's tenants and licensee(s). Conveyance of a Condominium shall effect conveyance of Exclusive Use Areas appurtenant thereto and transfer of all rights thereto to the vested Owner of the Condominium. Any license(s) thereto shall be terminated upon such conveyance. No Exclusive Use Area or any rights thereto (other than said revokable licenses) shall be transferred or conveyed apart from conveyance of the Condominium to which they are appurtenant. Each Exclusive Use Area shall be deemed to be Common Area for all those purposes set forth in this Declaration which are not inconsistent with this Article VIII or Article X of this Declaration.

Section 16. Use of Exclusive Use Areas. Each Owner shall have the following rights with regard to the Entry and Yard which he has the exclusive right to use:

(a) To place furniture and potted plants upon said areas.

(b) If appropriate areas exist therefor, to landscape and plant flowers and shrubs which do not unreasonably interfere with the enjoyment of adjacent Living Units and Exclusive Use Areas.

Except as provided in this Section 16, nothing contained herein shall give any Owner the right to paint, decorate, remodel or alter said Exclusive Use Areas or any other part of the Common Area without the prior written consent of the Board.

Section 17. Age Restriction. No Living Unit shall be occupied as a permanent residence by any person under the age of nineteen (19) years. As used herein, "permanent residence" shall mean occupancy by one person for more than sixty (60) consecutive days or for more than ninety (90) days in the aggregate during any calendar year.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. Architectural Committee. There shall be an initial "Architectural Committee" consisting of three (3) persons, each appointed by Declarant. Until one (1) year following the date of original issuance by the California Department of Real Estate of the Final Subdivision Public Report covering the first phase of the Condominium Project, each member of the Architectural Committee shall be subject to removal at the direction of the Declarant at any time and from time to time, and all vacancies on the Architectural Committee shall be filled by appointment of the Declarant. Commencing one (1) year following the date of issuance of such Public Report and ending on the fifth (5th) anniversary of the date of issuance of such Public Report, or on the date ninety percent (90%) of the number of Condominiums in the Condominium Project have been sold (close of escrow) by Declarant to retail purchasers thereof, whichever shall first occur, the Declarant shall have the power to appoint two (2) of the members of the Architectural Committee and the Board shall have the power to appoint one (1) member thereof. Thereafter the Board shall have the power to appoint all of the members of the Architectural Committee. Members of the Architectural Committee appointed by the Board shall be Members of the Corporation.

Section 2. Architectural Committee Approval. No building or other structure or landscape improvements (including irrigation, plant materials and hardscape) or other improvement shall be erected, placed or altered upon the Common Area until the location and the complete plans and specifications, including the color scheme, of each building, landscape improvement, including irrigation system, plant materials, hardscape, fence and/or wall to be erected or planted upon the Common Area have been approved in writing by the Architectural Committee; provided, however, that in the event the Architectural Committee fails to approve or disapprove such location, plans and specifications or other request made of it within thirty (30) days after the submission thereof to it, then such approval will not be required, provided that any building so to be erected conforms to all other conditions and restrictions herein contained and is in harmony with similar structures erected within the Real Property. The grade, level or drainage characteristics of the Common Area or any portion thereof shall not be altered without the prior written consent of the Architectural Committee.

Section 3. Declarant Exemption. The Architectural Committee shall have no authority, power or jurisdiction over Lots owned by Declarant, and the provisions of Section 2 above shall

not apply to Lots owned by Declarant until such time as Declarant conveys title to the Lot to a purchaser thereof.

ARTICLE X

RESPONSIBILITIES OF MAINTENANCE

Section 1. Association Maintenance. The Association shall maintain and provide for the maintenance of the Recreation Area and all improvements thereon in good repair and appearance. The Association shall provide landscaping and gardening to properly maintain and periodically replace when necessary the trees, plants, grass and other vegetation originally placed in the Recreation Area by Declarant, pursuant to landscape plans submitted to The City of San Diego and approved by said City. Anything contained herein to the contrary notwithstanding, it is contemplated that an easement for maintenance purposes will be granted to the Community Association over those portions of the Recreation Area described as Lots 98 through 102, inclusive, of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, and Lot 106 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981. Lots 98 through 102 and Lot 106 will thereupon become part of the Community Common Area and shall be maintained by the Community Association.

Section 2. Maintenance of Condominium Property. Each Owner of a Condominium shall be responsible for the maintenance and repair of the glass doors and windows enclosing his Living Unit, including the metal frames and tracks of glass doors and windows, the interior of his Living Unit and all appliances whether "built-in" or freestanding within the Living Unit and the interior surfaces of the Living Unit, and shall also be responsible for the maintenance and repair of the plumbing, electrical and heating systems servicing his Living Unit and located within the outside perimeter of the exterior walls, floors and ceilings thereof, including television cable equipment and connections, so long as those systems are used exclusively by such Owner and not in common, and all appliances and equipment located within or without said Living Unit. Each Owner shall also be responsible for the maintenance and repair of the Patio and Yard which he has the exclusive right to use, including the interior, interior surfaces of any fences and railing and any windows, and shall make repairs in such manner as shall be deemed necessary in the judgment of the Board to preserve the attractive appearance thereof and protect the value thereof. All such repairs and replacements shall be made in accordance with the original construction by Declarant, unless deviations therefrom are approved in writing by

the Board. Except as otherwise provided herein, the Corporation shall maintain and repair the Common Area; provided, however, should such maintenance or repair result from the act or neglect of an Owner or his guests, tenants or licensees, the Owner shall reimburse the Corporation for such maintenance or repair. Each Owner hereby grants easements to other Owners to enter onto each Living Unit and Exclusive Use Area, or to have utility companies enter thereon to repair the plumbing, heating and electrical systems located thereon, subject to the limitations on entry into any Living Unit set forth in Article VI, Section 4. Each Owner hereby grants to utility companies the right to enter any Exclusive Use Area when necessary to do so for purposes of reading or repairing utility meters.

Section 3. Failure of Owner to Maintain. In the event an Owner fails to maintain the areas as set forth above, and the plumbing, electrical and heating systems thereof as provided above or make repairs thereto in such manner as shall be deemed necessary in the judgment of the Board to preserve the attractive appearance thereof and protect the value thereof, the Board shall give written notice to such Owner, stating with particularity the work of maintenance or repair which the Board finds to be required and requesting that the same be carried out within a period of thirty (30) days from the giving of such notice. In the event the Owner fails to carry out such maintenance or repair within the period specified by the notice, the Board shall cause such work to be done and shall assess the cost thereof to such Owner.

ARTICLE XI

SEPARATION OF INTEREST AND PARTITION PROHIBITED

Section 1. No Separation of Interests. No Owner may sell, assign, lease or convey his interest in the Common Area separate and apart from his Living Unit nor any portion of his Living Unit apart from the entire Living Unit.

Section 2. Partition. Each of the Owners of a Condominium, whether such ownership is in fee simple or as a tenant in common, is hereby prohibited from partitioning or in any other way severing or separating such ownership from any of the other ownerships in the Condominium Property, except upon the showing that such partition is consistent with the requirements of California Civil Code Section 1354.

ARTICLE XII

POWER OF ATTORNEY

The Corporation is hereby granted an irrevocable power of attorney to sell the Condominium Property for the benefit of all the Owners thereof when partition of the Owners' interests in said Condominium Property may be had pursuant to Article XI above. The power of attorney herein granted may be exercised upon the vote or written consent of Owners holding in the aggregate at least two-thirds (2/3) of the interest in the Common Area by any two (2) Members of the Board who are hereby authorized to record a certificate of exercise in the Office of the San Diego County Recorder, which certificate shall be conclusive evidence thereof in favor of any person relying thereon in good faith.

ARTICLE XIII

SPECIAL RESTRICTIONS

Except as otherwise provided in Article XI above, unless at least seventy-five percent (75%) of the first Mortgagees of Mortgages encumbering Condominiums (based upon one (1) vote for each Mortgage) have given their prior written approval, neither the Owners nor the Corporation nor the Association shall:

(a) Seek, by act or omission, to abandon the Condominium Project or the planned development project covering the Real Property or to terminate the Condominium Plan or this Declaration, or change, waive or abandon any scheme of regulation or enforcement thereof, pertaining to the architectural design or the exterior appearance or maintenance of Living Units or the Common Area or the Recreation Area;

(b) Change the pro rata interest or obligations of any Condominium for purposes of levying assessments or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro rata share of the Common Area appurtenant to each Living Unit;

(c) Partition or subdivide any Condominium or the Recreation Area;

(d) Seek, by act or omission, to abandon, partition, subdivide, encumber, sell or transfer the Common Area or Recreation Area; provided, however, that the granting of easements for public utility or other public purposes consistent with the uses of the Common Area and Recreation Area shall not be deemed a transfer within the meaning of this provision;

(e) Use hazard insurance proceeds for losses to any portion of the Condominium Property or Recreation Area for other than the repair, replacement or reconstruction of the Condominium Property or Recreation Area, as the case may be, except as may be provided by statute upon substantial loss to the Living Units or Common Area or Recreation Area, respectively; or

(f) Fail to maintain fire and extended coverage insurance on the Common Area and Recreation Area on a current replacement cost basis in an amount less than one hundred percent (100%) of the insurable value thereof, based on current replacement cost.

ARTICLE XIV

DAMAGE, DESTRUCTION AND CONDEMNATION OF COMMON AREA

Section 1. Damage. If any portion of the Common Area is damaged or destroyed by fire or other casualty, then:

(a) If the cost of repairing or rebuilding does not exceed the amount of available insurance proceeds by more than five percent (5%) of the budgeted gross expenses of the Corporation for the fiscal year during which the repairs or rebuilding is necessitated, the Board shall thereupon contract to repair or rebuild the damaged portions of the Common Area substantially in accordance with the original plans and specifications therefor.

(b) If the cost of repairing or rebuilding exceeds the amount of available insurance proceeds by more than five percent (5%) of the budgeted gross expenses of the Corporation for the fiscal year during which the repairs or rebuilding is necessitated, and if the Owners holding in aggregate more than fifty percent (50%) interest in the Common Area agree to the repair or restoration of the Project, then the Board shall contract as provided in (a) above.

(c) If said Owners do not so agree to the repair or rebuilding of the Common Area, then each Owner (and his Mortgage(s) as their respective interests shall then appear) shall be entitled to receive that portion of insurance proceeds equal to the proportion of the decrease in fair market value of his Condominium as compared to the aggregate decrease in fair market values of all the Condominiums caused by such damage or destruction. For purposes hereof, fair market value shall be determined by an MAI appraiser selected by the Board and hired by and at the expense of the Corporation. Should dispute arise as to the distribution of insurance proceeds, the dispute shall be decided by arbitration by the American Arbitration Association pursuant to its Commercial Rules of Arbitration.

(d) Anything in the immediately preceding paragraph to the contrary notwithstanding, the Board shall contract for such repair or rebuilding of Common Area which consists of building(s) containing Living Units (or portions thereof and/or improvements thereto) if fifty percent (50%) or more of the Owners owning Living Units in said building(s) agree to the repair or restoration of said buildings.

(e) If a bid to repair or rebuild is accepted, the Board shall levy a special assessment against each Condominium in the proportion the Condominiums are assessed, pursuant to Section 2 of Article VII of this Declaration, for purposes of raising funds for the rebuilding or major repair of a portion of the structural Common Area to make up any deficiency between the total insurance proceeds and the contract price for such repair and rebuilding, and such assessment and all insurance proceeds, whether or not subject to liens of Mortgagees, shall be paid to the account of the Corporation to be used for such rebuilding.

Section 2. Condemnation. If any portion of the Common Area is taken by condemnation, eminent domain or any proceeding in lieu thereof, and the award therefor is not apportioned among the Owners and their Mortgagees, as their respective interests then appear, by court judgment or by agreement between the condemning authority and each of the affected Owners, then the Owners of the Common Area, and their Mortgagees as their respective interests then appear, shall be entitled to receive a distribution from the award for such taking in the same proportion as insurance proceeds would be distributed pursuant to Subsection (c) of Section 1 above; provided, however, that should it be determined to repair or rebuild any portion of the Common Area, such proceeds shall be paid to the Corporation for that purpose in the same manner and subject to the same terms, conditions and limitations as are set forth above in Section 1 of this Article XIV for repairing damaged or destroyed portions of the Common Area. A decision to repair or rebuild shall be made in the same manner and subject to the same conditions and limitations as provided above in Section 1 of this Article XIV for determining whether to rebuild or repair following damage or destruction.

Section 3. Insurance. The Corporation shall obtain and continue in effect the following insurance:

(a) A master fire insurance policy with glass coverage and extended coverage endorsement for the full insurable value of all of the improvements within the Project. "Improvements" means and refers to the Common Area together with those appliances and improvements located within the Living Units provided by Declarant to the initial Owners of Condominiums and does not include items not provided by Declarant. The form and content of such

policy must be satisfactory to all institutional first trust deed lenders and shall meet the maximum standards of the various institutional first trust deed lenders whose loan(s) encumber any of the Condominiums.

(b) A public liability and property damage insurance policy with cross liability endorsement, if available, insuring the Corporation, any manager, the Declarant and the Owners against liability incident to ownership or use of the Common Area. The limits of such insurance shall not be less than \$1,000,000.00 covering all claims for death, personal injury and property damage arising out of a single occurrence.

(c) A fidelity bond covering officers and employees of the Corporation and employees of any manager or managing agent, whether or not any such persons are compensated for their services, naming the Corporation as obligee and written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the Corporation, including reserves.

(d) Workers' compensation insurance covering any employees of the Corporation.

Insurance premiums for the master policy shall be a common expense to be included in the monthly assessments levied by the Corporation. Each Owner shall be responsible to pay any deductible amount for any loss to his Condominium. Each Owner may separately insure the improvements not covered by the master fire insurance policy and personal property within his Condominium. No Owner shall insure his Condominium in any manner which would cause any diminution in insurance proceeds from the master policy. Should any Owner violate this provision he shall be responsible to the Corporation for any such diminution.

ARTICLE XV

DAMAGE, DESTRUCTION AND CONDEMNATION OF LIVING UNITS

Section 1. Damage. In the event of damage or destruction to any Living Unit, the Owner thereof shall reconstruct the same as soon as reasonably practicable and substantially in accord with the original plans and specifications therefor; provided, however, that any such Owner may, with the written consent of the Board, reconstruct or repair the same pursuant to new or changed plans and specifications. In the event the Board fails to approve or disapprove such changed plans and specifications within sixty (60) days of the receipt thereof, they shall be deemed to have been approved.

Section 2. Condemnation. In the event of any taking of a Living Unit, the Owner (and his Mortgagees as their interests may appear) of the Living Unit shall be entitled to receive the award for such taking and after acceptance thereof he and his Mortgagee shall be divested of all further interest in the Condominium Property if such Owner shall vacate his Living Unit as a result of such taking. In such event said Owner shall grant his remaining interest in the Common Area appurtenant to the Living Unit so taken, if any, to the other Owners owning a fractional interest in the same Common Area, such grant to be in proportion to the fractional interest in the Common Area then owned by each.

ARTICLE XVI

ENFORCEMENT

Section 1. Association. The Association, Declarant or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by Articles II, III, IV and V of this Declaration.

Section 2. Corporation. The Corporation, Declarant or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of Articles of this Declaration other than those set forth in Section 1 above.

Section 3. No Waiver. Failure by the Association, the Corporation, Declarant or any Owner to enforce any provision of this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Mortgagee Protection. A breach of any of the covenants, conditions, restrictions or other provisions of this Declaration shall not affect or impair the lien or charge of any bona fide Mortgage made in good faith and for value on any Condominium; provided, however, that any subsequent Owner of the Condominium shall be bound by the provisions of this Declaration, whether such Owner's title was acquired by foreclosure or by a trustee's sale or otherwise.

ARTICLE XVII

GENERAL PROVISIONS

Section 1. Severability. Should any provision in this Declaration be void or become invalid or unenforceable in law or equity by judgment or court order, the remaining provisions hereof shall be and remain in full force and effect.

Section 2. Amendment. Except as may otherwise be stated in this Declaration, so long as there is more than one (1) class of members of the Association, Articles II, III, IV and V, Section 1 of Article XVI, Sections 2, 5 and 6 of Article XVII of this Declaration may be amended at any time and from time to time by an instrument in writing signed by members of the Association entitled to exercise sixty-six and two-thirds percent (66-2/3%) or more of the voting power of each class of members of the Association, and after the conversion of the Class B membership to Class A membership in the Association said provisions may be amended at any time and from time to time by an instrument in writing signed by (i) sixty-six and two-thirds percent (66-2/3%) or more of the total voting power of members of the Association, and (ii) at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the members of the Association other than Declarant. Prior to conversion of the Class B membership in the Corporation to Class A membership, all other provisions of this Declaration may be amended at any time and from time to time by an instrument in writing signed by Members of the Corporation entitled to exercise sixty-six and two-thirds percent (66-2/3%) or more of the voting power of each class of Members of the Corporation; after conversion of the Class B membership in the Corporation to Class A membership, all such other provisions of this Declaration may be amended by an instrument in writing signed by (i) sixty-six and two-thirds percent (66-2/3%) or more of the total voting power of Members of the Corporation, and (ii) at least sixty-six and two-thirds percent (66-2/3%) of the voting power of Members of the Corporation other than Declarant. An amendment shall become effective upon the recording thereof with the Office of the County Recorder of San Diego County, California. Anything contained herein to the contrary notwithstanding, no material amendment may be made to this Declaration without the prior written consent of seventy-five percent (75%) or more of the Mortgagees of first Mortgages encumbering Condominiums within the Condominium Property (based upon one (1) vote for each such Mortgage). "Material amendment" shall mean, for purposes of this Section 2, any amendment to provisions of this Declaration governing any of the following subjects:

- (a) The fundamental purpose for which the Project was created (such as a change from residential use to a different use).
- (b) Assessments, assessment liens and subordination thereof.
- (c) The reserve for repair and replacement of the Common Area or Recreation Area.
- (d) Property maintenance obligations.
- (e) Casualty and liability insurance.

- (f) Reconstruction in the event of damage or destruction.
- (g) Rights to use the Common Area or Recreation Area.
- (h) Annexation.
- (i) Voting.
- (j) The percentage interest of the Owners in the Common Area.
- (k) Any provision which, by its terms, is specifically for the benefit of first Mortgagees, or specifically confers rights on first Mortgagees.

Anything contained in this Declaration to the contrary notwithstanding, this Declaration shall not be amended, modified or rescinded at any time prior to September 30, 1990 without the prior written consent of Genstar Development, Inc., a New York corporation (Penasquitos Properties Division), nor at any time without the prior written consent of the Community Board, and no such amendment, modification or rescission shall be effective without the recording of said written consent or consents, as appropriate in the Office of the County Recorder of San Diego County, California.

Section 3. Term of Restrictions. Each and all of these covenants, conditions and restrictions shall terminate on December 31, 2030, after which date they shall automatically be extended for successive periods of ten (10) years unless the Owners have executed and recorded at any time within six (6) months prior to December 31, 2030, or within six (6) months prior to the end of any such ten (10) year period, in the manner required for a conveyance of real property, a writing in which it is agreed that said restrictions shall terminate on December 31, 2030, or at the end of any such ten (10) year period.

Section 4. Annexation to Condominium Property and to Corporation.

(a) The Condominium Property is the first phase of a projected seven (7) phase staged Condominium development as set forth in Recital D of this Declaration. When completed, Declarant contemplates that the entire Condominium Project will consist of approximately 186 Condominiums. Nothing contained herein, however, shall require Declarant to complete the future phases of the planned overall Condominium Project.

(b) If, within three (3) years of the date of the original issuance by the California Department of Real Estate of the

most recently issued Final Subdivision Public Report covering a phase of the overall Condominium Project, Declarant should develop additional lands within the property described in Recital D of this Declaration, such additional lands or any portion thereof may be added to and included within the jurisdiction of the Corporation by action of Declarant without the assent of Members of the Corporation; provided, however, that the development of the additional lands shall be in accord with the plan of development submitted to the Department of Real Estate prior to the time a Final Subdivision Public Report is issued in connection with the first phase. Said annexation may be accomplished by the recording of a Declaration of Annexation or by the recording of a separate Declaration of Restrictions which requires Owners of Condominiums therein to be Members of the Corporation. The obligation of Condominium Owners to pay dues to the Corporation and the right of such Condominium Owners to exercise voting rights in the Corporation shall not commence until the first day of the month following close of the first sale of a Condominium by Declarant in that particular phase of development.

(c) Subject to annexation of additional property as set forth above:

(i) Declarant hereby reserves for the benefit of and appurtenant to the Condominiums hereinafter located in Phases 2 through 7 described in Recital D, and their respective Owners, non-exclusive easements to use the Common Area in the Condominium Property pursuant to and in the manner set forth in this Declaration to the same extent and with the same effect as if each of the Owners of a Condominium in said Lots owned an undivided interest in the Common Area in the Condominium Property.

(ii) Declarant hereby grants, for the benefit of and appurtenant to each Condominium in the Condominium Property, and their Owners, the non-exclusive easement to use the Common Area in Phases 2 through 7 described in Recital D, as the case may be, pursuant to the provisions of and in the manner prescribed by this Declaration to the same extent and with the same effect as if each of the Owners of a Condominium in the Condominium Property owned an undivided interest in the Common Area of the property so annexed.

The reciprocal cross-easements set forth herein shall be effective as to Phases 2 through 7, respectively, and as to the Condominium Property only at such time as Phases 2 through 7, respectively, have been annexed by the recording of a Declaration of Annexation or separate Declaration of Restrictions by Declarant and prior to that time the Condominium Property shall not be affected hereby nor shall the Owners of Phases 2 through 7, re-

spectively, have such rights in the Common Area within the Condominium Property.

Section 5. Annexation to Association.

(a) The Condominium Property is also an increment of the overall planned development of the Real Property as set forth in Recital E to this Declaration. When completed, Declarant contemplates that the entire planned development of the Real Property will consist of approximately 700 dwelling units. Some dwelling units will be Condominiums and some detached single-family dwellings. Nothing contained herein, however, shall require Declarant to complete the future phases of the overall planned development of the Real Property.

(b) If, within three (3) years of the date of the original issuance by the California Department of Real Estate of the most recently issued Final Subdivision Public Report for a phase of the overall planned development of the Real Property, Declarant should develop additional lands within the Real Property, such additional lands or any portion thereof may be added to and included within the jurisdiction of the Association by action of Declarant without the assent of members of the Association; provided, however, that the development of the additional lands shall be in accord with the plan of development submitted to the Department of Real Estate prior to the time a Final Subdivision Public Report is issued in connection with the Condominium Property. Said annexation may be accomplished by the recording of a Declaration of Annexation or by the recording of a separate Declaration of Restrictions which requires owners of lots described therein to be members of the Association. The obligation of such owners to pay dues to the Association and the right of such owners to exercise voting rights in the Association shall not commence until the first day of the month following close of the first sale of a Lot by Declarant in that particular phase of development.

Section 6. Annexation to Recreation Area. As additional land within the Real Property is developed Declarant will convey additional lands to the Association which, upon conveyance to the Association, will become part of the Recreation Area. Said lands may be conveyed to the Association by Declarant without the consent of the Association or its members at any time during which Declarant retains the right to annex additional lands to the jurisdiction of the Association as set forth in Section 5 above. Nothing contained herein shall require Declarant to convey any of said land to the Association.

Section 7. Amendment to Sections 4, 5 and 6. Sections 4, 5 and 6 of Article XVII shall not be amended without the written approval of Declarant attached to the instrument of amendment.

Section 8. Annexation by Owners. In addition to the provisions of Sections 4, 5 and 6 above, additional land may be annexed to the jurisdiction of the Corporation and to the Condominium Property upon the vote or written consent of two-thirds (2/3) of the voting power of each class of Members of the Corporation, and additional land may be annexed to the jurisdiction of the Association and to the Real Property upon the vote or written consent of two-thirds (2/3) of the voting power of members of the Association.

Section 9. Litigation. In the event any person or entity shall commence litigation to enforce any of the covenants, conditions or restrictions herein contained, the prevailing party in such litigation shall be entitled to costs of suit and such attorney's fees as the Court may adjudge reasonable and proper. The "prevailing party" shall be the party in whose favor a final judgment is entered.

Section 10. Encroachment Easement. The Owner of each Condominium is hereby declared to have an easement over all adjoining Living Units and the Common Area for the purpose of accommodating any encroachments due to engineering errors, errors in original construction, settlement or shifting of any 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 encroachments, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful misconduct of any Owner. In the event any portion of a structure on the Condominium Property is partially or totally destroyed and then repaired or rebuilt, each Owner agrees that minor encroachments over adjoining Living Units or Common Area shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 11. Improvements to Recreation Area. In the event that the improvements to be installed by Declarant to the Recreation Area have not been completed prior to the issuance by the California Department of Real Estate of a Final Subdivision Public Report covering the Condominium Property, and in the further event that the Association is the obligee under a bond to secure performance by the Declarant to complete such improvements, then if such improvements have not been completed and a Notice of Completion filed within sixty (60) days after the completion date specified in the Planned Construction Statement appended to the bond, the Association Board shall consider and vote upon the question of whether or not to bring action to enforce the obligations under the bond. If the Association has given an extension in writing for the completion of any such improvement then the

Association Board shall consider and vote on said question if such improvements have not been completed and a Notice of Completion filed within thirty (30) days after the expiration of the extension period. In the event that the Association Board determines not to take action to enforce the obligations secured by the bond, or does not vote on the question as provided, then, in either such event, upon petition signed by members representing five percent (5%) or more of the voting power of the Association (excluding the voting power of Declarant), the Association Board shall call a special meeting of the members of the Association to consider the question of overriding the decision of the Association Board or of requiring the Association Board to take action on the question of enforcing the obligations secured by the bond. Said meeting of members shall be held not less than thirty-five (35) days nor more than forty-five (45) days following receipt of the petition. At said meeting a vote of a majority of the voting power of the members of the Association, excluding the vote of Declarant, to take action to enforce the obligations under the bond shall be deemed to be the decision of the Association, and the Association Board shall thereafter implement the decision by initiating and pursuing appropriate action in the name of the Association.

Section 12. Improvements to Common Area. In the event that the improvements to be installed by Declarant to the Common Area have not been completed prior to the issuance by the California Department of Real Estate of a Final Subdivision Public Report covering the Condominium Property, and in the further event that the Corporation is the obligee under a bond to secure performance by the Declarant to complete such improvements, then if such improvements have not been completed and a Notice of Completion filed within sixty (60) days after the completion date specified in the Planned Construction Statement appended to the bond, the Board shall consider and vote upon the question of whether or not to bring action to enforce the obligations under the bond. If the Corporation has given an extension in writing for the completion of any such improvement then the Board shall consider and vote on said question if such improvements have not been completed and a Notice of Completion filed within thirty (30) days after the expiration of the extension period. In the event that the Board determines not to take action to enforce the obligations secured by the bond, or does not vote on the question as above provided, then, in either such event, upon petition signed by Members representing five percent (5%) or more of the voting power of the Corporation, (excluding the voting power of Declarant), the Board shall call a special meeting of the Members of the Corporation to consider the question of overriding the decision of the Board or of requiring the Board to take action on the question of enforcing the obligations secured by the bond. Said meeting of Members shall be held not less than thirty-five (35)

days nor more than forty-five (45) days following receipt of the petition. At said meeting a vote of a majority of the voting power of Members of the Corporation, excluding the vote of Declarant, to take action to enforce the obligations under the bond shall be deemed to be the decision of the Corporation, and the Board shall thereafter implement the decision by initiating and pursuing appropriate action in the name of the Corporation.

Section 13. Declarant Exemption. Declarant is undertaking the work of construction of residential condominium dwellings and incidental improvements upon the property described in Recital E of this Declaration. The completion of that work, and the sale, rental and other disposal of the condominium dwellings is essential to the establishment and welfare of the Condominium Property as a residential community. In order that said work may be completed and the Condominium 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 doing on the Condominium Property or any Living Unit whatever is reasonably necessary or advisable in connection with the completion of said work; or

(b) Prevent Declarant or its representatives from erecting, constructing and maintaining on any part of parts of the Condominium Property, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing the Condominium Property as a residential community and disposing of the same by sale, lease or otherwise; or

(c) Prevent Declarant from conducting on any part of the Condominium Property its business of completing said work, and of establishing a plan of condominium ownership and of disposing of the Condominium Property by sale, lease or otherwise; or

(d) Prevent Declarant from maintaining such sign or signs on any of the Condominium Property as may be necessary for the sale, lease or disposition thereof.

IN WITNESS WHEREOF, the undersigned, being Declarant herein,

has executed this instrument the day and year first hereinabove written.

UDC DEVELOPMENT COMPANY, a
California corporation

By *Richard C. Kraemer* Vice Pres

By *Herb Palmtag* Ass. Sec.

"Declarant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On August 14, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared Richard C. Kraemer, known to me to be the Vice President, and Herb Palmtag, known to me to be the Assistant Secretary of the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

Jeannette McDowell
NOTARY PUBLIC



EXHIBIT "A"

Description of Real Property

Parcel A:

Parcel 3 of Parcel Map No. 8071 filed in the Office of the County Recorder of San Diego County, California, on November 20, 1978;

EXCEPTING THEREFROM that portion thereof contained within Parcel B and Parcel C below.

FURTHER EXCEPTING THEREFROM Lot 100 and Parcel A of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, on January 14, 1981.

FURTHER EXCEPTING THEREFROM that portion thereof described as follows:

Beginning at the southeasterly corner of BERNARDO HEIGHTS UNIT NO. 11, according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, January 14, 1981, being also a point on the easterly boundary of Rancho San Bernardo according to Map thereof recorded in Book 2, Page 462 of Patents, Records of San Diego County; thence along said easterly boundary, south 13 03'05" west, 509.41 feet; thence south 89 26'50" west, 330.87 feet; thence south 80 28'00" west, 246.54 feet; thence south 76 58'00" west, 170.13 feet; thence south 85 55'56" west, 42.35 feet; thence north 79 51'54" west, 52.00 feet; thence north 74 12'08" west, 79.27 feet; thence north 81 50'00" west, 60.00 feet to a point on a non-tangent 570.00 foot radius curve concave westerly, the center of which bears north 81 50'00" west; thence northerly along the arc of said curve through a central angle of 16 02'05", 159.52 feet to the beginning of a compound 20.00 foot radius curve concave southwesterly; thence along the arc of said curve through a central angle of 89 12'45", 31.14 feet to a point on a non-tangent 1,167.00 foot radius curve concave northwesterly, the center of which bears north 7 04'50" west; thence along the arc of said curve through a central angle of 18

22'29", 374.26 feet; thence north 64 32'41" east, 481.29 feet to the beginning of a tangent 733.00 foot radius curve concave southeasterly; thence along the arc of said curve through a central angle of 23 45'17", 303.90 feet to the beginning of a compound 20.00 foot radius curve concave southwesterly; thence along the arc of said curve through a central angle of 79 36'20" to the point of beginning.

Parcel B:

Lots 1 through 99, inclusive, and 101 and 102 of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, on January 14, 1981. *no*

Parcel C:

Lots 103 through 118 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981. *no*

Parcel D:

Lots 1 through 95, inclusive, of BERNARDO HEIGHTS UNIT NO. 6 according to Map thereof No. 9647 filed in the Office of the County Recorder of San Diego County, California, on May 8, 1980.

Parcel E:

Lot 1 of BERNARDO HEIGHTS UNIT NO. 10 according to Map thereof No. 9857 filed in the Office of the County Recorder of San Diego County, California, on October 30, 1980.

SUBORDINATION AGREEMENT

UNION BANK, a California corporation, being the beneficiary under those certain deeds of trust recorded February 24, 1981 and May 1, 1981, respectively, as File/Page Nos. 81-054865 and 81-133899, respectively, with the Office of the County Recorder of San Diego County, California, hereby declares that the lien and charge of each of said deeds of trust is and shall be subordinate and inferior to the Declaration of Restrictions to which this Subordination Agreement is attached.

UNION BANK

BY [Signature] via procurator
BY J. D. McCormack, AVP

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On August 14, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared JACK P. Webster, known to me to be the Vice President, and Jeffery D. McCormack, known to me to be the Assistant Vice President Secretary of the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

[Signature]
NOTARY PUBLIC Micki J. Shepherd



EXHIBIT "A"

Description of Real Property

Parcel A:

Parcel 3 of Parcel Map No. 8071 filed in the Office of the County Recorder of San Diego County, California, on November 20, 1978;

EXCEPTING THEREFROM that portion thereof contained within Parcel B and Parcel C below.

RALPHS SHOP. CTR

FURTHER EXCEPTING THEREFROM Lot 100 and Parcel A of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, on January 14, 1981.

STONE CYN & POM. RD.

FURTHER EXCEPTING THEREFROM that portion thereof described as follows:

Beginning at the southeasterly corner of BERNARDO HEIGHTS UNIT NO. 11, according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, January 14, 1981, being also a point on the easterly boundary of Rancho San Bernardo according to Map thereof recorded in Book 2, Page 462 of Patents, Records of San Diego County; thence along said easterly boundary, south 13 03'05" west, 509.41 feet; thence south 89 26'50" west, 330.87 feet; thence south 80 28'00" west, 246.54 feet; thence south 76 58'00" west, 170.13 feet; thence south 85 55'56" west, 42.35 feet; thence north 79 51'54" west, 52.00 feet; thence north 74 12'08" west, 79.27 feet; thence north 81 50'00" west, 60.00 feet to a point on a non-tangent 570.00 foot radius curve concave westerly, the center of which bears north 81 50'00" west; thence northerly along the arc of said curve through a central angle of 16 02'05", 159.52 feet to the beginning of a compound 20.00 foot radius curve concave southwesterly; thence along the arc of said curve through a central angle of 89 12'45", 31.14 feet to a point on a non-tangent 1,167.00 foot radius curve concave northwesterly, the center of which bears north 7 04'50" west; thence along the arc of said curve through a central angle of 18

22'29", 374.26 feet; thence north 64 32'41" east, 481.29 feet to the beginning of a tangent 733.00 foot radius curve concave southeasterly; thence along the arc of said curve through a central angle of 23 45'17", 303.90 feet to the beginning of a compound 20.00 foot radius curve concave southwest-erly; thence along the arc of said curve through a central angle of 79 36'20" to the point of beginning.

Parcel B:

owned by individual
Lots 1 through 99, inclusive, and 101 and 102 of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, on January 14, 1981.

LAS BRISAS
HOMES

Parcel C:

Lots 103 through 118 of BERNARDO HEIGHTS UNIT NO. 12 accord- ing to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981.

LAS BRISAS
CONDOS

Parcel D:

Lots 1 through 95, inclusive, of BERNARDO HEIGHTS UNIT NO. 6 according to Map thereof No. 9647 filed in the Office of the County Recorder of San Diego County, California, on May 8, 1980.

CHATEAU
BERNARDO

Parcel E:

Lot 1 of BERNARDO HEIGHTS UNIT NO. 10 according to Map thereof No. 9857 filed in the Office of the County Recorder of San Diego County, California, on October 30, 1980.

LUCIDO
PARK

SUBORDINATION AGREEMENT

UNION BANK, a corporation, being the beneficiary under deeds of trust recorded February 24, 1981 as File/Page No. 81-054865 and May 1, 1981 as File/Page No. 81-133900 with the Office of the County Recorder of San Diego County, California, hereby declares that the lien and charge of said deeds of trust are and shall be subordinate and inferior to the Declaration of Restrictions to which this Subordination Agreement is attached.

UNION BANK

By [Signature] VICE PRESIDENT
By Jeff D. McCormack
Asst. Vice President

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

)
) ss.
)

On June 10, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared Jack P. Webster, known to me to be the Vice President, and Jeffery D. McCormack, known to me to be the assistant vice pres. ~~Secretary~~ of the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



Micki J. Shepherd
NOTARY PUBLIC
Micki J. Shepherd



Recording Requested By:

When Recorded, Return To:

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

*Eliminates
Age Restriction
p. 21*

For Recorder's Use

AMENDMENT TO DECLARATION OF RESTRICTIONS FOR BERNARDO HEIGHTS
UNIT 12 ASSOCIATION OF HOMEOWNERS

This Amendment is made this 5th day of December, 2000, by BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS, a California nonprofit mutual benefit corporation, hereinafter referred to as "Association," with reference to the following:

RECITALS

- A. The Association is the management body for the common interest subdivision located in the City of San Diego, County of San Diego, State of California, more particularly described as follows:

LEGAL DESCRIPTION:

Parcel A:

Parcel 3 of Parcel Map No. 8071 filed in the Office of the County Recorder of San Diego County, California, on November 20, 1978;

Lots 103 through 118 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981.

Parcel D:

Lots 1 through 95, inclusive of BERNARDO HEIGHTS UNIT NO. 6 according to Map thereof No. 9647 filed in the Office of the County Recorder of San Diego County, California, on May 8, 1980.

Parcel E:

Lot 1 of BERNARDO HEIGHTS UNIT NO. 10 according to Map thereof No. 9857 filed in the Office of the County Recorder of San Diego County, California, on October 30, 1980.

Property added by Declaration of Annexation:

Lot 103 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981.

hereinafter referred to as "Property;"

- B. The Property is subject to the covenants, conditions and restrictions contained in:
1. That certain Declaration of Covenants, Conditions and Restrictions recorded on August 20, 1981, at File/Page No. 80-266777, in the Official Records of the County Recorder of San Diego County, California.
 2. That Declaration of Annexation recorded on October 6, 1982, at File/Page No. 82-308273, in the Official Records of the County Recorder of San Diego County, California.
- C. California Civil Code §1352.5(b) provides that the Board of Directors of an association, without approval of the owners, shall amend the Declaration or any other governing document that includes a restrictive covenant prohibited by Civil Code §1352.5 to delete that restrictive covenant. §1352.5 further states that the Board of Directors shall restate the Declaration or other governing document without the restrictive covenant but with no other change to the Declaration or governing document.

State of California)
)
County of San Diego)

On December 5, 2000, before me, Barbara S. Kelly, a
Notary Public, personally appeared Robert E. Stevens

[] personally known to me
- OR -
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Barbara S Kelly
Notary Public



State of California)
)
County of San Diego)

On December 5, 2000, before me, Barbara S. Kelly, a
Notary Public, personally appeared D. F. Robb

[] personally known to me
- OR -
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Barbara S Kelly
Notary Public



Recording Requested By:

When Recorded, Return To:

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

*Eliminates
Age Restriction*

p. 21

For Recorder's Use

AMENDMENT TO DECLARATION OF RESTRICTIONS FOR BERNARDO HEIGHTS
UNIT 12 ASSOCIATION OF HOMEOWNERS

This Amendment is made this 5th day of December, 2000, by BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS, a California nonprofit mutual benefit corporation, hereinafter referred to as "Association," with reference to the following:

RECITALS

- A. The Association is the management body for the common interest subdivision located in the City of San Diego, County of San Diego, State of California, more particularly described as follows:

LEGAL DESCRIPTION:

Parcel A:

Parcel 3 of Parcel Map No. 8071 filed in the Office of the County Recorder of San Diego County, California, on November 20, 1978;

EXCEPTING THEREFROM that portion thereof contained within Parcel B and Parcel C below.

FURTHER EXCEPTING THEREFROM Lot 100 and Parcel A of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, on January 14, 1981.

FURTHER EXCEPTING THEREFROM that portion thereof described as follows:

Beginning at the southeasterly corner of BERNARDO HEIGHTS UNIT NO. 11, according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, January 14, 1981, being also a point on the easterly boundary of Rancho San Bernardo according to Map thereof recorded in Book 2, Page 462 of Patents, Records of San Diego County; thence along said easterly boundary, south 13 03' 05" west, 509.41 feet; thence south 89 26' 50" west, 330.87 feet; thence south 80 28' 00" west, 246.54 feet; thence south 76 58' 00" west, 170.13 feet; thence south 85 55' 56" west, 42.35 feet; thence north 79 51' 54" west, 52.00 feet; thence north 74 12' 08" west, 79.27 feet; thence north 81 50' 00" west, 60.00 feet to a point on a non-tangent 570.00 foot radius curve concave westerly, the center of which bears north 81 50' 00" west; thence northerly along the arc of said curve through a central angle of 16 02' 05", 159.52 feet to the beginning of a compound 20.00 foot radius curve concave southwesterly; thence along the arc of said curve through a central angle of 89 12' 45", 31.14 feet to a point on a non-tangent 1,167.00 foot radius curve concave northwesterly, the center of which bears north 7 04' 50" west; thence along the arc of said curve through a central angle of 18 22' 29", 374.26 feet; thence north 64 32' 41" east, 481.29 feet to the beginning of a tangent 733.00 foot radius curve concave southeasterly; thence along the arc of said curve through a central angle of 23 45' 17", 303.90 feet to the beginning of a compound 20.00 foot radius curve concave southwesterly; thence along the arc of said curve through a central angle of 79 36' 20" to the point of beginning.

Parcel B:

Lots 1 through 99, inclusive, and 101 and 102 of BERNARDO HEIGHTS UNIT NO. 11 according to Map thereof No. 9968 filed in the Office of the County Recorder of San Diego County, California, on January 14, 1981.

Parcel C:

Lots 103 through 118 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981.

Parcel D:

Lots 1 through 95, inclusive of BERNARDO HEIGHTS UNIT NO. 6 according to Map thereof No. 9647 filed in the Office of the County Recorder of San Diego County, California, on May 8, 1980.

Parcel E:

Lot 1 of BERNARDO HEIGHTS UNIT NO. 10 according to Map thereof No. 9857 filed in the Office of the County Recorder of San Diego County, California, on October 30, 1980.

Property added by Declaration of Annexation:

Lot 103 of BERNARDO HEIGHTS UNIT NO. 12 according to Map thereof No. 9970 filed in the Office of the County Recorder of San Diego County, California, on January 15, 1981.

hereinafter referred to as "Property;"

- B. The Property is subject to the covenants, conditions and restrictions contained in:
1. That certain Declaration of Covenants, Conditions and Restrictions recorded on August 20, 1981, at File/Page No. 80-266777, in the Official Records of the County Recorder of San Diego County, California.
 2. That Declaration of Annexation recorded on October 6, 1982, at File/Page No. 82-308273, in the Official Records of the County Recorder of San Diego County, California.
- C. California Civil Code §1352.5(b) provides that the Board of Directors of an association, without approval of the owners, shall amend the Declaration or any other governing document that includes a restrictive covenant prohibited by Civil Code §1352.5 to delete that restrictive covenant. §1352.5 further states that the Board of Directors shall restate the Declaration or other governing document without the restrictive covenant but with no other change to the Declaration or governing document.

- D. In compliance with California Civil Code §1352.5, the Board of Directors of the Association now wishes to amend the Declaration as set forth herein.
- E. The undersigned President and Secretary of the Association hereby certify that this Amendment has received the approval of the board of Directors as required by California Civil Code §1352.5. Pursuant to §1352.5, no approval of the Association members is needed.

DECLARATION


NOW THEREFORE the Declaration is hereby amended as follows:

1. Article VIII, Section 17 of the Declaration is hereby deleted.
2. The Declaration attached hereto and incorporated herein is hereby restated to incorporate the amendment noted in Number 1 above.
3. Except as expressly amended herein, the remaining portions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed on the day and year hereinabove written by the undersigned Directors, who certify that the Amendment has received the approval of the Board of Directors as required by California Civ. Code §1352.5.

BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS
a California nonprofit mutual benefit corporation

By: 
President

By: 
Secretary

State of California)
)
County of San Diego)

On December 5, 2000, before me, Barbara S. Kelly, a
Notary Public, personally appeared Robert E. Stevens

[] personally known to me
- OR -
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Barbara S Kelly
Notary Public



State of California)
)
County of San Diego)

On December 5, 2000, before me, Barbara S. Kelly, a
Notary Public, personally appeared D. F. Robb

[] personally known to me
- OR -
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Barbara S Kelly
Notary Public



BYLAWS*

FOR

BERNARDO HEIGHTS 12 ASSOCIATION OF HOMEOWNERS

MAY 13, 1992

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TO
BYLAWS
FOR
BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS

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MAY 13, 1992

BYLAWS

OF

BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS

ARTICLE I

Office

The office of this corporation shall be located in the County of San Diego, State of California.

ARTICLE II

Definitions

Section 1. "Corporation" shall mean and refer to BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOME OWNERS, a California Nonprofit Mutual Benefit Corporation, its successors and assigns, commonly known and referred to as the LAS BRISAS CONDOMINIUM ASSOCIATION.

Section 2. "Condominium Property" shall mean and refer to that certain real property located in San Diego County, California, described as such in the Declaration recorded in the Office of the County Recorder of San Diego County, California, owners of Condominiums in which are required to be members of the Corporation, and such additions thereto as may hereafter be brought within the jurisdiction of the Corporation.

Section 3. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of any Condominium, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Declaration" shall mean and refer to the Declaration of Restrictions recorded with the Office of the County Recorder of San Diego County, California, covering the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 5. "Condominium Plan" shall mean and refer to the Condominium Plan or Condominium Plans recorded pursuant to California Civil Code Section 1351 covering all or any part of the Condominium Property, including such amendments thereto as may from time to time be recorded.

Section 6. "Condominium" shall mean and refer to a fee simple estate in the Condominium Property, or portions thereof, as defined in California Civil Code Section 783 and shall consist of a fee interest in a Living Unit and an undivided fractional interest as tenant in common in the Common Area, together with any Exclusive Use Area conveyed appurtenant thereto.

Section 7. "Living Unit" shall mean and refer to those portions of the Condominium Property shown and described as such on the Condominium Plan and as defined in the Declaration.

Section 8. "Common Area" shall mean and refer to all portions of the Condominium Property not located within a Living Unit.

Section 9. "Exclusive Use Area" shall mean and refer to those portions of the Common Area, if any, which an Owner has the exclusive right to use as set forth in the Declaration and as shown on the Condominium Plan.

Section 10. "Mortgage" shall mean and refer to a deed of trust as well as a mortgage encumbering any Condominium.

Section 11. "Mortgagee" shall mean and refer to the beneficiary of a deed of trust, its successors and assigns as well as a mortgagee of a mortgage encumbering a Condominium.

Section 12. "Board" shall mean and refer to the Board of Directors of the Corporation.

ARTICLE III

Members

The Corporation shall have one (1) class of voting membership.

ARTICLE IV

Membership Assessments and Lien Rights

Section 1. REGULAR ASSESSMENTS. The Board shall fix and determine from time to time regular assessments to be paid by each Owner for the purpose of operating, maintaining and repairing the Common Area, paying the necessary expenditures of the Corporation as provided in these By-laws and the Declaration, and establishing an operating reserve fund and reserve for replacement, all as set forth in the Declaration; provided, however, that the Board may not, without the vote or written assent of a majority of the voting power of the members of the Corporation, increase the regular assessments during any fiscal year of the Corporation more than twenty percent (20%) above the preceding fiscal year. Such assessments shall be assessed

against and paid by each Owner monthly, or upon such other periodic basis as the Board may determine. Regular assessments shall be levied upon each Condominium as set forth in the Declaration and shall be in an amount sufficient to include an adequate reserve fund for maintenance, repairs and replacement of those portions of the Common Area which must be replaced on a periodic basis.

Section 2. SPECIAL ASSESSMENTS. In addition to the regular assessments authorized above, the board may levy special assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common area, including the cost of major repair or rebuilding of the Common Area, or such other purpose as may be determined by the Board; provided, however, that no special assessment shall exceed in the aggregate during any fiscal year of the Corporation an amount equal to five percent (5%) of the budgeted gross expenses of the Corporation for that fiscal year, without the vote or written assent of a majority of the voting power of members of the Corporation. Except as provided in the next paragraph of this Section 2, all such special assessments shall be levied upon each Condominium in the proportions set forth in the Declaration.

The Board may also levy special assessments against individual Owners to reimburse the Corporation for costs and expenses incurred in enforcing compliance by such Owner or his Condominium with the provisions of the Declaration, the Articles of Incorporation and Bylaws of the Corporation, and the rules and regulations adopted by the Board. The provisions of the preceding paragraph of this Section 2 shall not apply to such special assessments.

Section 2.5. INCREASES IN ASSESSMENTS. The Corporation shall levy regular and special assessments sufficient to perform its obligations. Annual increases in regular assessments for any fiscal year shall not be imposed unless the Board has complied with subdivision (a) of Section 1365 of the California Civil Code with respect to that fiscal year, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Corporation conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the California Corporations Code and Section 7613 of the California Corporations Code. For the purposes of this Section, "quorum" means more than fifty percent (50%) of the Owners of the Corporation.

Except in emergency situations, the Board may not, without the approval of Owners constituting a quorum of the Owners and casting a majority of the votes at a meeting or election of the Corporation conducted in accordance with Corporations Code Sections 7510 - 7527 and 7613, impose a regular annual assessment per Unit that is more than twenty percent (20%) greater than the regular annual assessment for the preceding fiscal year, or levy

special assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Corporation for that fiscal year (or the maximum amounts allowed by law). A special assessment imposed pursuant to Section 1365.5(c) of the California Civil Code is not subject to the five percent (5%) limitation stated above. For the purposes of this Section, a "quorum" means more than fifty percent (50%) of the Owners of the Corporation. These limitations shall not apply to assessment increases that are necessary for emergency situations. As emergency situation is an extraordinary expense that is:

- (a) Required by a court order;
- (b) Necessary to repair or maintain the Project or any part of it for which the Corporation is responsible when a threat to personal safety in the Project is discovered; or
- (c) Necessary to repair or maintain the Project or any part of it for which the Corporation is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget. Before the Board may impose or collect an assessment in an emergency situation, it shall pass a resolution containing written findings as to the necessity of the extraordinary expense and why the expense was not or could not have been reasonably foreseen in the budgeting process, and shall distribute the resolution to the Owners with the notice of assessment.

The Corporation shall provide notice by first-class mail to the Owners of any increase in the regular or special assessments of the Corporation not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due.

Section 3. LIEN RIGHTS. As provided in the Declaration, the Corporation shall have a lien against the interest of each Owner in the Condominium Property to secure the full and prompt payment of all assessments levied by the Corporation in compliance with these Bylaws and the Declaration, and in the event of default by any Owner, said interest of such Owner may be foreclosed by the Corporation in the same manner as a realty mortgage or may be enforced by sale pursuant to Sections 2924 et seq. and 1356 of the California civil Code, and to that end a power of sale is hereby conferred upon the Corporation; provided, however, that the lien created shall be subject to the subordination provisions stated in the Declaration.

Any assessments which are not paid within fifteen (15) days after becoming due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date, the assessments shall bear interest from the due date at the rate of

ten percent (10%) per annum, and the Corporation may bring an action at law against the member personally obligated to pay the same and, in addition thereto or in lieu thereof, may foreclose the lien above provided, and interest, costs, penalties and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessments. No member may waive or otherwise escape liability for the assessments provided for hereby by nonuse or abandonment of his Condominium or any part thereof.

Section 4. COMMENCEMENT OF REGULAR ASSESSMENTS. The regular assessments shall commence as set forth in the Declaration.

ARTICLE V

Membership Rights and Privileges

No member shall have the right without the prior approval of the Board to exercise any of the powers or to perform any of the acts by these Bylaws delegated to the Board as in Article VII of these Bylaws more fully provided. Unless otherwise provided in the Declaration and subject to the rules and regulations adopted by the Board, each member of the Corporation, his immediate family, guests and tenants shall have the right to use and enjoy the Common Area, other than those portions thereof the exclusive right to use of which has been granted to others.

The membership rights and privileges, together with the voting rights of any member of the Corporation, may be suspended by the Board for any period of time during which such member is determined by the Board to be in breach of the Declaration or has not complied with the obligations imposed by these Bylaws or the rules and regulations adopted by the Board. The Board may adopt rules and regulations imposing reasonable monetary penalties for such breach or noncompliance; provided, however, that no such suspension or monetary penalty shall be effective until the Board gives to such member the opportunity of a hearing before the Board which satisfies the minimum requirements of Section 7341 of the California Corporations Code, and no suspension imposed by reason of a violation of the rules and regulations adopted by the Board shall exceed a period of thirty (30) days. No such suspension shall affect the rights of a member to access to his Living Unit nor his right to use of any Exclusive Use Area appurtenant to his Living Unit.

ARTICLE VI

Meetings of Members

Section 1. PLACE OF MEETING. All meetings of members shall be held at the Las Brisas Clubhouse, or if larger

facilities are required, at the Bernardo Heights Community Center.

Section 2. ANNUAL MEETINGS OF MEMBERS. The annual meetings of members shall be held thirty (30) to sixty (60) days before the end of the fiscal year of the Corporation on June 30.

Written notice of each such annual meeting shall be given to each member and, upon written request therefor, to all first Mortgagees by sending a copy of the notice through the mail to his address appearing on the books of the Corporation or supplied by him to the Corporation for the purpose of notice. If no address is supplied, notice shall be deemed to have been given him if mailed to the address of the Condominium owned by such member or encumbered by the first Mortgagee. All such notices shall be sent no fewer than ten (10) days and not more than ninety (90) days before each annual meeting, and shall specify the place, day and hour of such meeting. Any notice which is mailed shall be mailed first class. Such notice shall state the place, date and time of the meeting and those matters which the Board at the time of the mailing of the notice intends to present for action by the members. If such notices are mailed other than first class, registered or certified, they shall be given no less than twenty days in advance of the meeting, and if they are for a meeting at which directors are to be elected, they shall contain the names of candidates as of the date of the notice.

Section 3. SPECIAL MEETING. Special meetings of members, for any purpose of purposes whatsoever, may be called at any time by the president or by a majority of a quorum of the Board, and shall be called by the Board within twenty (20) days upon receipt of a written request for a special meeting signed by members representing at least five percent (5%) or more of the total voting power of the members. Except in special cases where other express provisions is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of members. Notices of any special meetings shall specify, in addition to the place, day and hour of such meeting, the general nature of the business to be transacted.

Section 4. ADJOURNED MEETINGS AND NOTICE THEREOF. Any membership meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy, but in the absence of a quorum no other business may be transacted at any such meeting.

When any membership meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of a adjournment or of the business to be transacted at an adjourned meeting other than by an announcement at the meeting at

which such adjournment is taken. No meeting may be adjourned for more than forty-five (45) days.

Section 5. MORTGAGEE REPRESENTATION. First Mortgagees shall have the right to attend all membership meetings through a representative designated in writing and delivered to the Board.

Section 6. VOTING. Voting of members may be viva voce or by ballot. All elections for directors shall be by secret written ballot. No member shall have the right to cumulate his votes for a candidate or candidates unless such candidates' names have been placed in nomination prior to the voting and the member has given notice at the meeting, prior to the voting, of the member's intention to cumulate votes. If any one member has given such notice, all members at any election for directors, subject to the foregoing, shall have the right to cumulate votes and give one (1) candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he is entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Unless the entire Board is removed from office by the vote of the members, no individual director shall be removed prior to the expiration of his term of office if the number of votes cast against his removal or not consenting in writing to his removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of directors were then being elected. At the election of directors, each member shall have the right to nominate from the floor candidates for the office of director.

Section 7. ELECTION OF DIRECTORS - PROCEDURES. As to directors elected by members, there shall be available to the members reasonable nomination and election procedures given the nature, size and operations of the Corporation. The procedures shall include:

(a) A reasonable means of nominating persons for election as directors.

(b) A reasonable opportunity for a nominee to communicate to the members the nominee's qualifications and the reasons for the nominee's candidacy.

(c) A reasonable opportunity for all nominees to solicit votes.

(d) A reasonable opportunity for all members to choose among the nominees.

Section 8. QUORUM. The presence in person or by proxy of a

majority of the voting power entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting power to leave less than a quorum. In the event any meeting of members cannot be held because a quorum is not present, the members present, either in person or by proxy, may adjourn the meeting to a time not fewer than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be twenty-five percent (25%) of the voting power of the membership of the Corporation; provided, however, if after adjournment a new date is fixed for the adjourned meeting, notice of the time and place of the adjourned meeting shall be given to members, in the manner prescribed for regular meetings; provided further, that in the event the quorum requirements becomes twenty-five percent (25%) of the voting power of the membership, then the only matters that may be voted upon at any meeting actually attended in person or by proxy by one-third (1/3) or less of the voting power are matters notice of the general nature of which was given in the notice of meeting.

Section 9. CONSENT OF ABSENTEES. The transactions of any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. ACTION WITHOUT MEETING. Any action which may be taken by the vote of members at a regular or special meeting, except the election of directors where cumulative voting is a requirement, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the California Corporations Code.

Section 11. PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by a written proxy executed by such person and filed with the secretary of the Corporation. All proxies shall be revocable and shall automatically terminate upon transfer of title of a Condominium by the Owner, or upon the death or incapacity of the member giving the proxy.

ARTICLE VII

Directors

Section 1. POWERS AND DUTIES. Subject to other provisions of the Declaration and to the limitations of the Articles of Incorporation, the Bylaws and the California Corporations Code as to action to be authorized or approved by the members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by, the Board. Without prejudice to such general powers but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers and duties:

(a) To select and remove all the officers, agents and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation, the Bylaws or the Declaration, and, subject to the provisions of Section 14 of Article VII of the Bylaws, to fix their compensation.

(b) To conduct, manage and control the affairs and business of the Corporation, and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation, the Bylaws or the Declaration as they deem best, including rules and regulations for the operation of the Common Area and facilities owned or controlled by the Corporation.

(c) To change the principal office for the transaction of the business of the Corporation from one location to another within the same county; and to adopt, make and use a corporate seal, and to alter the form of such seal from time to time as in their judgement they may deem best, provided such seal shall at all times comply with the provisions of law.

(d) to borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation or other evidences of debt and securities therefor; provided, however, the Board shall not have the power to borrow money for the Corporation during the fiscal year in excess of the aggregate sum of, nor to sell during any fiscal year property of the Corporation having an aggregate fair market value greater than, five percent (5%) of the budgeted gross expenses of the Corporation for that fiscal year without the voter written assent of a majority of the voting power of the Corporation.

(e) To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Corporation and Owners with respect to the Common Area and the affairs of the

Corporation, which shall include bonding of the members of any management body. Notwithstanding any provisions to the contrary herein, so long as the Federal National Mortgage Association ("FNMA") holds a Mortgage on a Condominium or owns a Condominium, the Corporation shall continuously maintain in effect such casualty and liability insurance and fidelity bond, meeting all requirements and containing such coverage and endorsements as may be required from time to time by FNMA. Such casualty insurance shall include, but not be limited to, a condominium master or blanket policy with full replacement cost coverage as provided in the Declaration. Whether or not FNMA holds any Mortgage, fidelity insurance shall be in the form of a bond in an amount equal to one hundred fifty percent (150%) of the Corporation's annual assessment plus reserves, which names the Corporation as obligee and protects against misuse and misappropriation of Corporation property by members of the Board, officers and employees of the Corporation and any management agent and his employees whether or not any such persons are compensated for their services.

(f) To pay all charges for water, electricity, gas, CATV and other utility services for the Common Area and, to the extent not separately metered or shared, for each Living Unit.

(g) To manage, operate, maintain and repair the Common Area and all improvements located thereon, including the restoration and replacement of any or all of the buildings, structures or improvements which are part of the Common Area at any time and from time to time as the Board may determine desirable or necessary; and to make capital expenditures for and on behalf of the Corporation; provided, however, no single capital expenditure may be made during any fiscal year of the Corporation in excess of five percent (5%) of the budgeted gross expenses of the Corporation for that fiscal year without the vote or written assent of a majority of the voting power of members of the Corporation.

(h) To enter onto any Living Unit and Exclusive Use Area as may be necessary for the purpose of carrying out any of the powers or duties of the Board as herein set forth and as set forth in the Declaration, including such entry as may be necessary in connection with the construction, maintenance or emergency repair of the Common Area, at any reasonable hour and, except in the case of emergency, after reasonable notice.

(i) To enforce the provisions of the Declaration, the Articles of Incorporation and Bylaws of the Corporation, the rules and regulations adopted by the Board and the provisions of any agreement to which the Corporation is a party.

(j) To contract and pay for goods and services relating to the Common Area, and to employ personnel necessary for the operation and maintenance of the same, including legal

and accounting services; provided, however, that the term of any contract with a third person for supplying goods or services to the Common Area or for the Corporation shall not exceed a term of one (1) year unless a longer term, is approved by a majority of the voting power of members of the Corporation; except that a contract with a public utility for materials or services the rates for which are regulated by the Public Utilities Commission, may exceed a term of one (1) year so long as it does not exceed the shortest term for which the public utility will contract at the regulated rate, and a contract for prepaid casualty and/or liability insurance policies may be for a term of not to exceed three (3) years, provided that the policy permits short rate cancellation by the Corporation. Anything contained herein to the contrary notwithstanding, the Board shall not terminate professional management of the Condominium Property and assume self-management without prior written approval of Mortgagees holding seventy-five percent (75%) or more of the first Mortgages on Condominiums and any agreement for management of the Condominium Property shall be terminable for cause upon thirty (30) days written notice, and without cause or payment of a termination fee upon ninety (90) days, or fewer, written notice and shall have a term of not more than one (1) year, renewable with the consent of the Corporation and the management agent.

(k) To pay any taxes and governmental special assessments which are or could become a lien on the Common Area or any portion thereof.

(l) To initiate and execute disciplinary proceedings against members of the Corporation for violations of the provisions of the Articles of Incorporation and Bylaws of the Corporation, the Declaration and the rules and regulations adopted by the Board. No member may be expelled from the Corporation. Membership rights and privileges (including voting rights and use of Common Area facilities) may be suspended by the Board if a member is found to be in violation of the provisions of the Articles of Incorporation, these Bylaws, the Declaration or the rules and regulations adopted by the Board. Should the Board believe grounds may exist for any such suspension, the Board shall give to the member believed to be in violation at least fifteen (15) days' prior written notice of the intended suspension and the reasons therefor. The member shall be given an opportunity to be heard before the Board either orally or in writing no fewer than five (5) days before the effective date of suspension. The notice required hereby may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first class or registered mail sent to the last address of the member shown on the Corporation's records. Anything herein stated to the contrary notwithstanding, the Board shall not have the power to suspend any member's rights of access or utilities to his Condominium.

(m) To prepare budgets and financial statements for

the Corporation as provided in these Bylaws.

(n) Upon the written request of the holder of any first Mortgage encumbering any Condominium, to notify the same in writing of any default by the owner of such Condominium in the performance of the Owner's obligations under the Bylaws or the Declaration which is not cured within thirty (30) days.

(o) To give notice in writing to the Federal Home Loan Mortgage Corporation ("FHLMC") in care of the servicers of FHLMC loans on Condominiums of any loss to or taking of the Common Area if such loss or taking exceeds \$10,000.00, and of any damage to a Living Unit if such damage exceeds \$1,000.00.

(p) To give timely written notice to all first Mortgagees of any substantial damage to or destruction of any Living Unit or any part of the Common Area and, if any Living Unit, or any portion thereof, or the Common Area, or any portion thereof, is made the subject of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, to give timely written notice to all first Mortgagees of any such proceeding or proposed acquisition.

(q) To prosecute or defend, in the name of the Corporation, any action affecting or relating to the Common Area or the property owned by the Corporation, and any action in which all or substantially all of the Owners have an interest.

(r) As permitted in the Declaration, to sell the Condominium Property for the benefit of all of the Owners and their Mortgagees, as their interests may appear, at such price and upon such terms as the Board may determine reasonable.

(s) Filling a vacancy on the Board pursuant to Section 4 below; provided however, if the vacancy was created by removal of a director, the Board shall not fill such vacancy except with the vote or written assent of a majority of the voting power of members of the Corporation.

(t) To delegate any of its powers hereunder to others including Committees, officers and employees, including the delegation of the functions of architectural control to an architectural committee appointed by the Board.

Section 2. NUMBER AND QUALIFICATIONS OF DIRECTORS. The Board shall consist of not less than three (3) but not more than seven (7) directors until changed by amendment to this section of the By-Laws. Directors must be members of the Corporation. Directors must be homeowners, or the spouses of homeowners, and must live in Bernardo Heights Unit No. 12.

Section 3. ELECTION AND TERM OF OFFICE. Directors shall

be elected at the first annual meeting of members as follows:

(a) If there are seven (7) members, four (4) directors shall be elected for a term of one (1) year and three (3) directors shall be elected for a term of two (2) years. If there are five (5) members, three (3) directors shall be elected for a term of one (1) year and two (2) directors shall be elected for a term of two (2) years. If there are three (3) directors two (2) directors shall be elected for a term of one (1) year and one (1) director shall be elected for a term of two (2) years. If there is an even number of directors, half shall be elected for a term of one (1) year and half shall be elected for a term of two (2) years. Thereafter, directors shall be elected at each annual meeting of members to fill the vacancies of those directors whose term then expires and the term of each director so elected shall be two (2) years. If any annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of members held for that purpose. All directors shall hold office until their successors are elected.

Section 4. VACANCIES. Vacancies on the Board created by death or resignation may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized, or at any adjournment thereof, to elect the additional directors so provided for, or in case the members fail at any time to elect the full number of authorized directors.

The members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment by the Bylaws is voted authorizing an increase in the number of directors.

Section 5. PLACE OF MEETING. All meetings of the Board shall be held within the Condominium Property or at the Las Brisas Clubhouse, or if larger facilities are required, at the Community Association of Bernardo Heights (CABH) Clubhouse.

Section 6. ORGANIZATION MEETING. Immediately following each annual meeting of members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 7. OTHER REGULAR MEETINGS. Other regular meetings

of the Board shall be held without call monthly at such time as the Board shall determine; provided, however, should said day fall upon a legal holiday, then said meeting shall be held at the same time on the next day ensuing which is not a legal holiday. Notice of all such regular meetings of the Board shall be posted at a prominent place within the Common Area and communicated to directors no fewer than four (4) days prior to the meeting, provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 8. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at any time by the president or any vice president or the secretary or by any two (2) directors.

Written notice of the time and place of special meetings and the nature of any special business to be considered shall be posted in the manner prescribed for notice of regular meetings and shall be sent to all directors by first class mail no fewer than four (4) days prior to the scheduled time of the meeting, or such notice shall be delivered personally or by telephone or telegraph no fewer than seventy-two (72) hours prior to the scheduled time for the meeting; provided, however, notice of the meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 9. NOTICE OF ADJOURNMENT. Unless a meeting is adjourned for more than twenty-four (24) hours, notice of adjournment of any directors' meeting, either regular or special, need not be given to absent directors if the time and place are fixed at the meeting adjourned.

Section 10. ENTRY OF NOTICE. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such director as required by law and these Bylaws.

Section 11. WAIVER OF NOTICE. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 12. QUORUM. A majority of the directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision

done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

Section 13. ADJOURNMENT. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at the directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 14. COMPENSATION AND FEES. Neither the directors nor the officers of the Corporation shall receive any monetary compensation for their services performed in the conduct of the business of the Corporation, except upon the vote or written assent of a majority of the voting power of members of the Corporation. Nothing herein contained shall be construed or preclude any director or officer from serving the Corporation in any other capacity as an agent, employee or otherwise and receiving compensation therefor. Directors and officers of the Corporation may be reimbursed for expenses incurred in carrying on the business of the Corporation.

Section 15. ATTENDANCE AT MEETINGS AND EXECUTIVE SESSIONS. Regular and special meetings of the Board shall be open to all members of the Corporation; provided, however, that members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, upon the vote of a majority of a quorum adjourn a meeting and reconvene in executive session to discuss and vote upon litigation, matters that relate to the formation of contracts with third parties, personnel matters or matters of a similar nature. Any matter discussed in executive session shall be generally noted in the minutes of the Board. The nature of any and all business to be considered in executive session shall first be announced in open session. Only members of the Board shall be entitled to attend executive sessions. In any matter relating to the discipline of any member of the Corporation, the Board shall meet in executive session if requested by that member, and that member shall be entitled to attend the executive session for the discussion relating to his or her discipline only.

Section 16. ACTION WITHOUT MEETING Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. An explanation of the action to be taken or actually taken by the Board shall be given to the members of the Corporation within three (3) days after all written consents have been obtained. Said explanation

shall be given in the same manner as provided for the giving of notice of regular meetings of the Board. Failure to give such notice shall not render the action to be taken or actually taken invalid.

Section 17. AVAILABILITY OF MINUTES. The Board shall keep accurate minutes of its meetings, and shall retain them in the permanent records of the Corporation. The Minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any Board meeting, other than executive session, shall be available to members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member upon request and upon reimbursement for the costs in making that distribution. Members shall be notified in writing at the time that the budget is distributed, or at the time of any general mailing to the entire membership, of their right to have copies of the minutes of meetings of the Board, and how and where those minutes may be obtained.

ARTICLE VIII

Officers

Section 1. OFFICERS. The officers of the Corporation shall be a president, a vice president, a secretary and a chief financial officer. The Corporation may also have, at the discretion of the Board, one (1) or more assistant secretaries, one (1) or more assistant chief financial officers and such other officers as may be appointed in accordance with the provisions of Section 3 or this Article. Officers other than the president need not be directors. One (1) person may hold two (2) or more offices.

Section 2. ELECTION. The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article VIII, shall be chosen annually by the Board, and each shall hold his office until he shall resign, or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. SUBORDINATE OFFICERS. The Board may appoint such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

Section 4. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board or, except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be

conferred by the Board.

Any officer may resign at any time by giving written notice to the Board or the president, or to the secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 6. PRESIDENT. The president shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Corporation. He shall preside at all meetings of the members and at all meetings of the Board. He shall be ex-officio a member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of the president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or by the Bylaws.

Section 7. VICE PRESIDENT. In the absence or disability of the president, the vice president shall perform all the duties of the president, and when so acting shall have all powers of and be subject to all the restrictions upon the president. The vice president shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board or by the Bylaws.

Section 8. SECRETARY. The secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order of all meetings of directors and members, with the time and place of holding, whether regular or special and if special how authorized, the notice thereof given, the names of those present at the directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

The secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board required by the Bylaws or by law to be given, and he shall keep other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 9. CHIEF FINANCIAL OFFICER. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of

its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any director.

The chief financial officer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. He shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

ARTICLE IX

Miscellaneous

Section 1. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board.

Section 2. CONTRACTS, ETC. - HOW EXECUTED. The Board, except as in the Bylaws otherwise provided, may authorize any officer or officers or agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 3. INSPECTION OF BOOKS AND RECORDS. The Corporation shall keep in its principal office for the transaction of business or at such other place within the Condominium Property as the Board shall prescribe the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the secretary, a membership register, books of accounts and copies of minutes of all Membership, Board and Committee meetings, all of which shall be made available for inspection and copying by any member of the Corporation, or by any member's duly appointed representative and by all first Mortgagees, at any reasonable time and for a purpose reasonably related to his interest as a member or Mortgagee. The Board shall establish reasonable rules with respect to :

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

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

(c) Payment of the costs of reproducing copies of documents requested.

Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Corporation and the Common Area. The right of inspection by a director shall include the right at his expense to make extracts and copies of documents.

Section 4. FISCAL YEAR. The fiscal year of the Corporation shall be determined by the Board, and having been so determined, is subject to change from time to time as the Board shall determine.

Section 5. FINANCIAL STATEMENTS. Within one hundred twenty (120) days after the close of each fiscal year, the Corporation shall prepare and distribute to the Owners an annual report consisting of the following:

- (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; and
- (4) For any fiscal year in which the gross income to the Corporation exceeds \$75,000.00, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If this report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Corporation that the statement was prepared without independent audit or review from the books and records of the Corporation.

Within sixty (60) days before the beginning of each fiscal year, the Corporation shall prepare and distribute to the Owners a statement describing the Corporation's policies and practices in enforcing lien rights or other legal remedies for default in payment of assessment against Owners.

The Board shall also review the following on at least a quarterly basis:

- (1) A current reconciliation of the operating and reserve accounts of the Corporation;

- (2) The actual reserve revenues and expenses for the current year compared to the budget for the current year;
- (3) An income and expense statement for the operating and reserve accounts of the Corporation; and
- (4) The most current account statements prepared by the financial institution where the Corporation has its operating and reserve accounts.

Section 6. BUDGET. The Corporation shall prepare a pro forma operating budget for each fiscal year, and shall distribute a copy of the budget to each Owner not less than forty five (45) and not more than sixty (60) days prior to the beginning of the fiscal year. In lieu of the distribution of the financial statement, the Board may elect to distribute a summary of the statement to each Owner with a written notice that the statement is available at the business office of the Corporation or designated location and that copies will be provided upon written request and at the expense of the Corporation. The Corporation shall provide the copy to the Owner in five (5) working days of the receipt of the written request. The budget shall contain at least the following:

- (1) The estimated revenue and expenses on an accrual basis;
- (2) A summary of the Corporation's reserves based upon the most recent review or study conducted pursuant to Section 1365.5 of the California Civil Code, which shall be printed in bold type and include all of the following:
 - (A) The current estimated replacement cost, estimated remaining useful life of each major component;
 - (B) As of the end of the fiscal year for which the study is prepared: (i) the current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components, and (ii) the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain those major components;
 - (C) The percentage that the amount determined for purposes of clause (ii) of subparagraph (B), above, is of the amount determined for purposes of clause (i) of subparagraph (B), above [For example: if (B)(i), the estimated reserves needed, is \$100,000.00, and (B)(ii),

actual reserves set aside, is \$75,000.00, then (C) means that 75% of the estimated reserves needed have actually been set aside. The foregoing example is for illustration only and is not intended to reflect the Corporation's actual reserves or estimated reserves needed];

The summary of the Corporation's reserves disclosed pursuant to this subsection (2) shall not be admissible in evidence to show improper financial management of the Corporation, provided that other relevant and competent evidence of the financial condition of the Corporation is not made inadmissible by this provision;

- (3) A statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor; and
- (4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Corporation is obligated to maintain.

Section 7. RESERVES. At least once every three (3) years the Board shall cause a study of the reserve account requirements of the Project to be conducted if the current replacement value of the major components which the Corporation is obligated to repair, replace, restore or maintain is equal to or greater than one-half (1/2) of the gross budget of the Corporation for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. This study shall, at a minimum, include:

- (1) Identification of the major components which the Corporation is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years;
- (2) Identification of the probable remaining useful life of the components identified in (1), above, as of the date of the study;
- (3) An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in (1), above, during and at the end of

its useful life; and

- (4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

As used herein, the term "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Corporation is obligated to maintain.

The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of, major components which the Corporation is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Corporation's general operating fund to meet short-term cash-flow requirements or other expenses. The transferred funds shall be restored to the reserve fund within three (3) years of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this Section. This special assessment is not subject to the limitation imposed by Section 1366 of the California Civil Code or other limitations in the project documents.

ARTICLE X

Amendments

Except as may otherwise be stated in these Bylaws, new Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of the members entitled to exercise a majority or more of the voting power of members of the Corporation or by written assent of such members. Anything herein stated to the contrary notwithstanding, no material amendment to the Bylaws shall be made without the prior written approval of Mortgagees holding seventy-five percent (75%) of the first Mortgages encumbering Condominiums. "Material amendment" shall mean, for purposes of this Article X, any amendments to provisions of these Bylaws governing any of the following subjects:

(a) The fundamental purpose for which the project was created (such as a change from residential use to a different use).

(b) Assessments, assessment liens and subordination thereof.

(c) The reserve for repair and replacement of the Common Area.

(d) Property maintenance obligations.

(e) Casualty and liability insurance.

(f) Reconstruction in the event of damage or destruction.

(g) Rights to use the Common Area.

(h) Annexation.

(i) Voting.

(j) The percentage interest of the Owners in the Common Area.

(k) Any provision which, by its terms, is specifically for the benefits of first Mortgagees, or specifically confers rights on first Mortgagees.

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS, A California Nonprofit Mutual Benefit Corporation; and

2. That the foregoing Bylaws, comprising twenty-three (23) pages, constitute the Bylaws of said corporation duly adopted by Written Consent of the Incorporator dated May 13th, 1992.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this Wed day of July 29, 1992.

Ann H. Fisher
SECRETARY

ARCHITECTURAL GUIDELINES
FOR
BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS

The following is a list of guidelines that have been created for use by the Bernardo Heights Unit 12 Association of Homeowners. These guidelines were developed to be just that--a set of standards for use by the Architectural Committee when reviewing home improvement proposals from individual condominium owners of Las Brisas. Any deviation from the guidelines must be in keeping with the desire to preserve the original architectural character of the community.

1. Architectural Submittal Procedure

- A. The condominium owner to submit "Application for Improvement" form with exhibits (in triplicate) to the management company, N. N. Jaeschke, Inc., 8923 Complex Drive, San Diego, CA 92123. Within three days of receipt, the management company will forward one complete submittal to the Community Association of Bernardo Heights and one to the Bernardo Heights Unit 12 Association of Homeowners Architectural Committee for review and comments. The 30-day count-down for review will be considered to start upon receipt of the application by the Community Association of Bernardo Heights.
- B. The condominium owner to also submit two separate checks, one for \$200 to cover the plan check fee and one for \$36 to cover the cost of recording the approved application. The \$200 will be returned following final inspection.
- C. Members of each committee will meet, review and act upon plans each week and submit their approvals and conditions to the management company for subsequent notice to the applicant.
- D. The condominium owner will advise the committee upon completion of the work so that the work can be inspected for compliance with the original submission and the approved application can be recorded.
- E. After committee inspection, management company will be advised of inspection.

2. Patio Covers and Decks

- A. No corrugated fiberglass and/or aluminum covers are permitted.
- B. No screened patio enclosures are permitted; only open-type covers are allowed.
- C. All wood must be stained or painted dark brown or redwood.
- D. No metal or canvas awnings are allowed over windows or doors in patio area.
- E. Patio height should at no point exceed 9' from the finished slab or deck level. Support post from overhead should be continuous through deck. It is recommended that post holders, rather than pins be used for connection between piers and posts and that rigid connectors be used for connection on back to post between overhead and post. Wood deck should be independent and free standing from wall and building.
- F. Deck level must be no higher than 2' below top of rear wall.

- G. Patio posts must not extend beyond side wall cut-outs. Patio covers must not extend beyond existing side or rear walls.
- H. Bottom of existing rear and side walls must be allowed to breath to prevent rot and termites. No construction material or earth shall be placed closer than 3" to any building or patio walls.

3. Spas-Jacuzzis

- A. All equipment shall be enclosed.
- B. Plans shall be submitted for any electrical or gas line installation from the unit through the common area to the spa or jacuzzi.
- C. The condominium owner is responsible for restoring common area to original condition.

4. Screen Doors

- A. All screen doors shall be bronze anodized color to match the window metal molding.
- B. No metal or canvas awnings are allowed over windows and doors.
- C. No submission required.

5. Gutters and Downspouts

- A. All gutters and downspouts must be painted a white color that matches the stucco on the exterior of the dwelling.
- B. Refer to separate specifications for gutters and downspouts.
- B. No submission required.

6. Landscaping and Irrigation

- A. Homeowner applicant is responsible for maintaining proper drainage on lot and, where original grade level is altered, must describe in detail plans for new drainage system.
- B. Plants and trees must be maintained so as not to block any neighbors' views. Root systems and limbs to be controlled so there is no damage to the structures or the drainage systems.

7. Drainage

- A. Make certain that drainage patterns are not affected. Rear yard drainage must be away from house to catch grate basins into main drain. Concrete work should be held down 1-1/2" to 2" below bottom of thresholds.
- B. Slab to drain away from building must be at least 1/8' to the foot.

8. NO WINDOW OR DOOR COVERINGS EXCEPT AS DEFINED IN #4.

9. NO ENTRANCE GATES ALLOWED

10. IT IS HIGHLY RECOMMENDED THAT THE GUIDELINES FOR CONCRETE WORK BE COMPLIED WITH.



BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS
LAS BRISAS BERNARDO

SPECIFICATIONS FOR GUTTERS AND DOWNSPOUTS:

- Material: Galvanized steel or aluminum or high impact plastic; however, high impact plastic must have a full 10-year guarantee.
- Color: White to match outside stucco.
- Projection: Three inches; strap hangers should be used.
- Downspouts: As necessary to direct the flow into existing drains and away from house. Drainage pattern existing in the rear of property should not be disturbed.

These gutters and downspouts to be constructed in full compliance with all approved Building Codes per the County of San Diego.



BERNARDO HEIGHTS UNIT 12 ASSOCIATION OF HOMEOWNERS

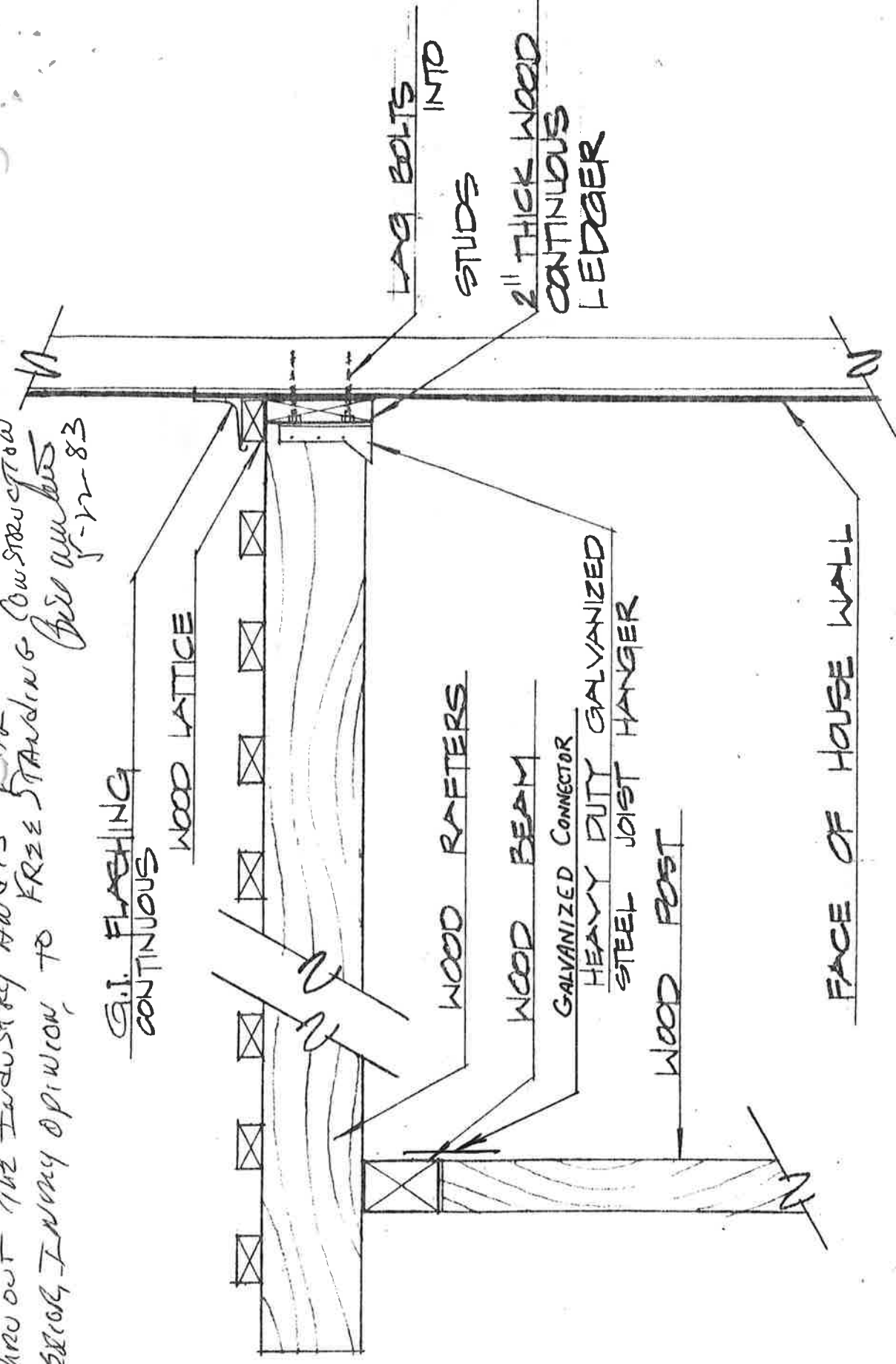
LAS BRISAS BERNARDO

RECOMMENDED GUIDELINES FOR CONCRETE FLATWORK

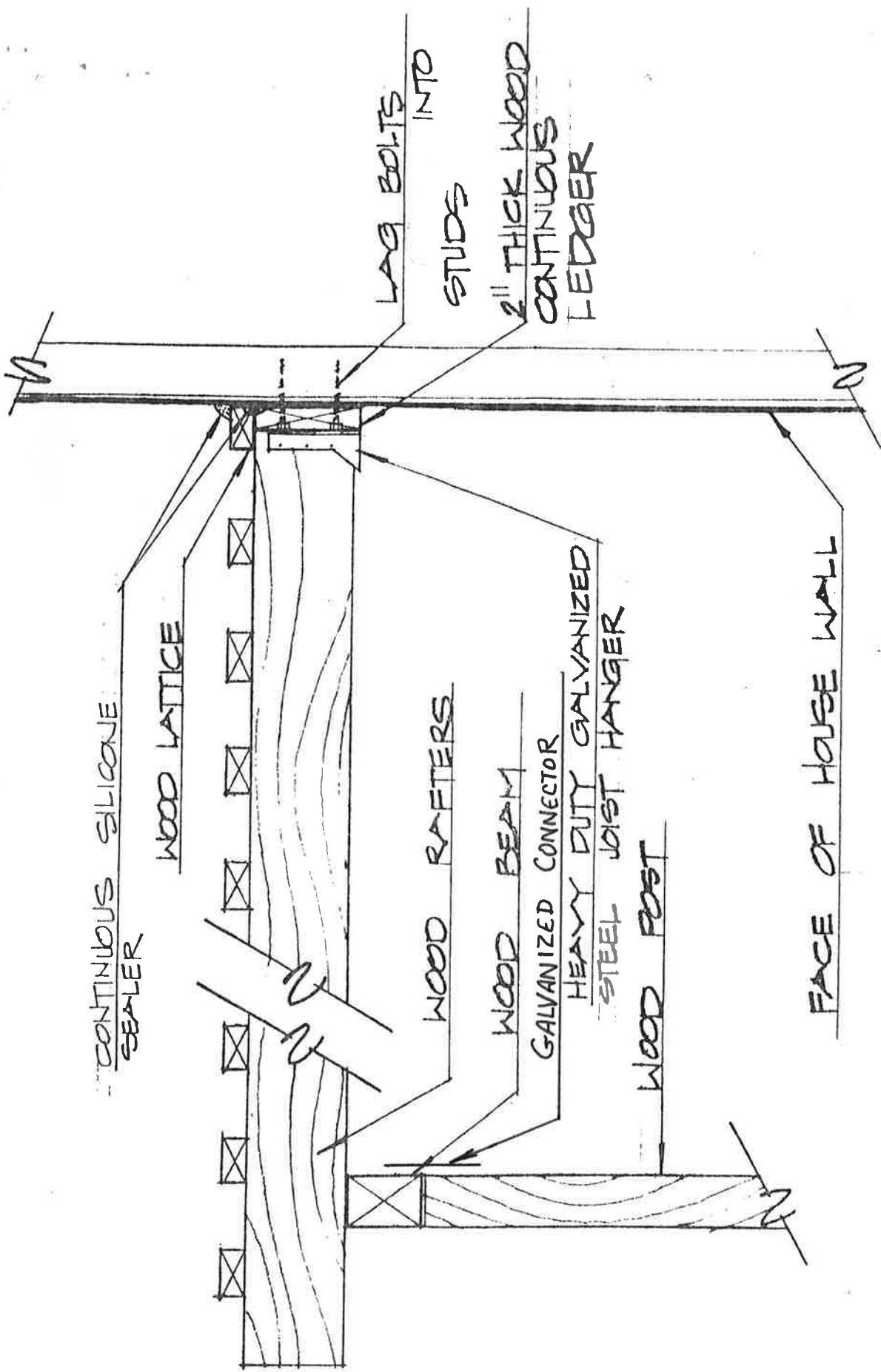
The following construction techniques will help to enhance the long-term performance of concrete flatwork (patio slabs, walkways, etc.).

1. Concrete flatwork should not be poured tight against existing structures. Adjustments and shrinkage over time will create unsightly separations.
2. Minimize the size of unjointed concrete slabs. Larger slabs are more susceptible to the appearance of shrinkage cracking.
3. Concrete poured on 3 to 4 inches of sand or D.G. generally will exhibit less cracking than concrete poured directly on the ground.
4. The use of reinforcement such as welded wire mesh or rebar will minimize the results of shrinkage and expansive soils.
5. The subgrade soils should be moistened prior to concrete placement.
6. Planters and other areas of fluctuating moisture content will adversely affect the performance of concrete flatwork. Planter and area drains which provide for more uniform subgrade conditions will enhance the long-term performance of adjacent flatwork.

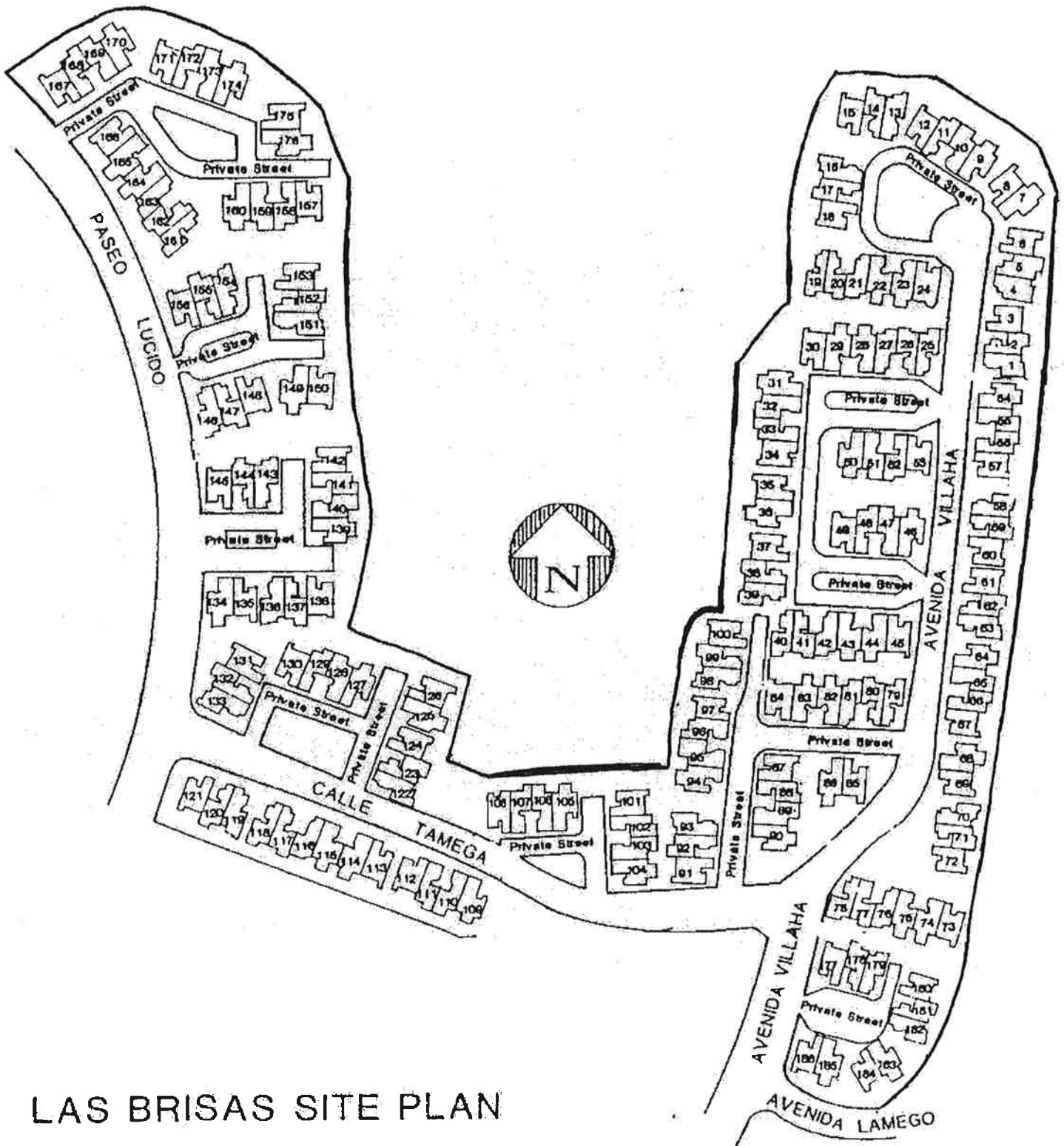
THIS IS STANDARD CONSTRUCTION
 TALK OUT THE INDUSTRY AND IS
 SUPERIOR IN MY OPINION TO
 FREE STANDING CONSTRUCTION
 Bill
 5-12-83



(A) WOOD TRELLIS TO HOUSE CONNECTION
 NO SCALE



(B) WOOD TRELLIS TO HOUSE CONNECTION
NO SCALE



LAS BRISAS SITE PLAN

BERNARDO HEIGHTS UNIT 12

MANDATORY OWNER/TENANT/VEHICLE REGISTRATION FORM

Owner(s) on Grant Deed: _____

Property Address: _____

Mailing Address: _____

Phone Number: _____ Business/Cell Number: _____

E-mail: _____ Emergency Contact: _____

1st Vehicle Make/Model: _____ License Plate: _____

2nd Vehicle Make/Model: _____ License Plate: _____

3rd Vehicle Make/Model: _____ License Plate: _____

TENANT INFORMATION (If applicable)

Tenant Name(s): _____

E-mail: _____ Phone: _____

Cell Number: _____ Business Number: _____

1st Vehicle Make/Model: _____ License Plate: _____

2nd Vehicle Make/Model: _____ License Plate: _____

3rd Vehicle Make/Model: _____ License Plate: _____

NAME OF ANY OTHER PERSON WHO HAS A KEY TO YOUR UNIT OR PERSON TO CONTACT IN THE EVENT OF AN EMERGENCY:

NAME: _____ **Phone:** _____

Member's Signature: _____ Date: _____

Return completed form to:
Bernardo Heights Unit 12 AOH
16880 West Bernardo Drive, Suite 200, San Diego, CA 92127
Via fax to 858-946-0326 or via e-mail to iglass@prescoomgt.com or lcain@prescottmgt.com

Las Brisas Community
Bernardo Heights Unit 12 (BH 12) Association of Homeowners

c/o THE PRESCOTT COMPANIES, 5966 La Place Court, Carlsbad, CA 92008-8830, (800)404-0141

Changes in Garage Door Rules - adopted November 2009-revised February 2010

All garage doors (metal and wood) will be painted white during the process of painting the community as part of the Special Assessment approved work.

Owners who would like to replace their current wooden garage door with a new roll-up door may do so at their own cost. The type of door you may install and the procedure for doing so are described herein. If you choose to do this, the Association will continue to maintain the exterior of your new door, but you'll take care of everything else.

The Association will rebate \$100.00 to those owners opting to install a new insulated roll-up garage door before the painting is begun in your area, since this will save the Association the cost of painting those new doors. We anticipate the first phase of painting to begin in the spring of 2010. The second phase of painting will be delayed until all construction is completed.

Owners that are satisfied with their current wooden garage doors don't need to do anything. The Association will continue to maintain your door and will replace it with a metal, roll-up door if and when it fails beyond repair.

Specifications for metal, roll-up, single width, garage doors:

1. Type of Garage Door Permitted
 - a. Manufacturer: Clopay Model 4053-LP Insulated Garage Door
 - b. Color: White
 - c. Panel style: Two (2) "Traditional Long" panels on each of the four (4) sections
 - d. Window style: If desired, two (2) "Sunset Long," as pictured below
 - e. Owners may use any reliable, certified, licensed garage door company that provides a minimum of a 3-year warranty on the exterior of the door, as described above.
2. If the construction within your garage will not allow a regular roll-up door, a filler of up to 1-1/2 inches can be built on either side within the current garage door opening (reducing the width of the opening), potentially allowing a roll-up door to be installed. Another option is to replace the existing door using a metal tip-up door that has the same appearance as required above.
3. Owners are responsible for their own door drive mechanism, even if the old one "works fine" but is not compatible with the new roll-up door. This also applies for doors replaced at Association expense.

Maintenance and Indemnity Agreement Regarding Modifications to Common Area

In order to properly transfer the care and maintenance of the new garage door to all owners of a new, roll-up, steel garage door, the following steps must be completed:

1. The attached "Application for Home Improvements" (Exhibit 1) must be fully completed by the owner. When filling out Exhibit 1, brochures, pictures and the name of the installer are helpful.

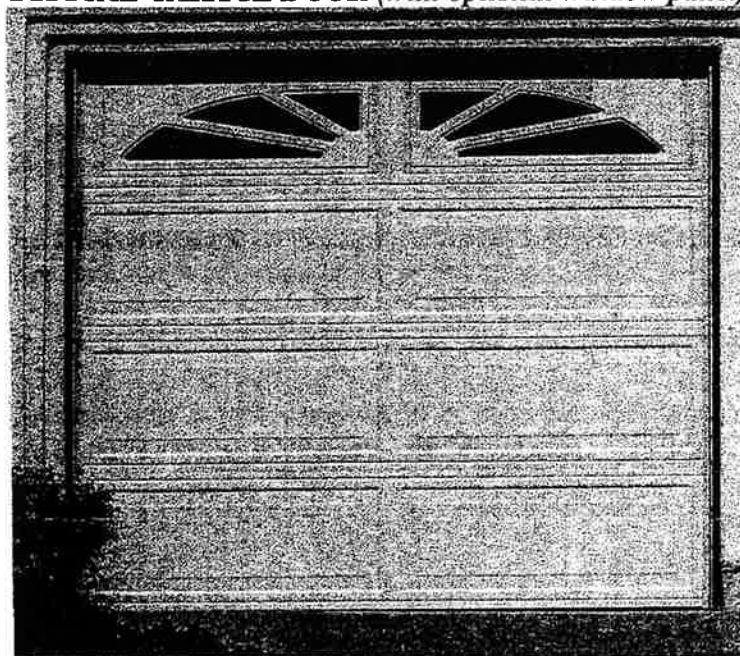
Las Brisas Community
Bernardo Heights Unit 12 (BH 12) Association of Homeowners

c/o THE PRESCOTT COMPANIES, 5966 La Place Court, Carlsbad, CA 92008-8830, (800)404-0141

2. The owner should call the Management Company and ask for the "Maintenance and Indemnity Agreement" document (Exhibit 2), which will be prepared for the specific unit. Once Exhibit 2 is received, the owner will have the document notarized with their signature(s). Then, both Exhibits 1 and 2 are returned to the Las Brisas Architectural Chairperson for BH 12 approval and submittal to the Architectural Committee of CABH.
3. Work may begin once written acceptance is obtained from CABH. When the garage door installation is completed the "Completion" form must be finalized with the Las Brisas Architectural Chair and then the \$100 rebate (if applicable) will be processed for payment to the owner.
4. Our BH 12 Counsel will record the Maintenance Agreement at the Association's expense.

All Architectural Changes, e.g., windows, patio covers, and the purchase of a new garage door, require approval by both the Las Brisas Architectural Committee and the CABH Architectural Committee before the work is begun. The "Application for Home Improvements" (Exhibit 1) can be found at: www.bernardoheights.org.

TYPICAL GARAGE DOOR (with optional window panel)



**LAS BRISAS COMMUNITY
BERNARDO HEIGHTS UNIT 12 (BH 12) ASSOCIATION OF HOMEOWNERS**

February 17, 2010

**ALLOWANCE POLICY FOR ANY INTERIOR AND EXTERIOR DAMAGE CAUSED
TO PRIVATE PROPERTY BY COMMON AREA FAILURES**

In an attempt to treat all members of the Community in an equitable fashion when a negative incident occurs to the interior or exterior of our homes due to a common area failure, the Association wants to document a uniform policy of how to handle these situations.

It is recommended that each homeowner should have their own condo owner's comprehensive insurance (including water damage) that covers all privately owned property within and outside their home, which the Association is not responsible to repair or replace. Since each of our units are attached to another unit on at least one side, homeowners should be aware that if your privately owned property causes damage to your neighbor's home, you are solely responsible for repair and replacement of that property, which is another sensible reason for having your own condo owner's insurance. Condo insurance usually has a limitation on the amount of coverage (coverage can be increased at additional cost).

The following is a list of typical incidents that are reported to our Management Company, usually as an emergency, that are related to items owned and taken care of by the Association:

- Drain or sewer line leaks under the unit's slab
- Roof leaks
- Common area: Tree root invasion into drain or sewer lines, slabs, and patio areas
- Common area: Tree branches or trees that fall on private use areas or cause interior/exterior damage
- Common exterior area irrigation breaks that invade the home
- Common exterior area storm drains that are clogged and back up into a home

In an emergency that causes damage to your private property:

1. If necessary, please shut off the water at the main unit valve (inside your garage, near the front) or the backflow valve serving multiple units (only if you are unable to turn the water off at your unit).
2. Please call the proper trade immediately: such as a plumber.
3. Then call the emergency number of the HOA Management Company to report the incident.
4. Call your insurance company ASAP to report the incident and use their preferred vendors first.
5. Then coordinate all repairs and reimbursements with the Association, and your homeowner's insurance through the HOA Management Company and their Customer Service Department.

Nonemergency incidents - but those that cause damage to your private property:

1. Call the HOA Management Company, Customer Service Department, to report the incident.

2. Follow the directions given by the HOA Management Company, who will call the proper provider of the service needed.

Coverage and Repairs Provided by the Association:

1. All damages to private property should be reported to your insurance company so that your coverage is used as the basis for all repairs and replacements.
2. The Association will pay for the cost of location and repair of sewer or drains pipes known as common area property, which are located below the slab (this does not include interior drains blocked by improper use).
3. The Association will pay for damaged floor covering, wall and ceiling repair or replacement not covered by your insurance. However, the coverage will be limited to the replacement cost equivalent to the original developer grade of wall/ceiling paint, cabinets, etc. after receipt of all bills and your insurance company's settlement agreement/rejection.
4. Carpeting allowance will not exceed \$40.00 per square yard; to include pad, installation and tax.
5. Tile/stone/wood flooring allowance will not exceed \$ 15.00 per square foot; to include demolition, material, installation and tax. Replacement allowance of tile/stone/wood flooring will be limited to the area of such material prior to the event causing the damage.
6. If insurance covers part of the loss, the Association will reimburse any shortfall to the allowable amounts stated in paragraphs 4. and 5., above.
7. Patio hardscape replacement will not exceed \$10.00 per square foot of gray cement, including the cost of:
 - a. connecting gutters to main storm drain line, if available
 - b. restoring/replacing irrigation lines
8. Note: The Association will not replace plants and trees. Packing and storage of furnishings, if required. The cost of temporary housing is not provided. Other property damaged will be based on replacement value, taking into consideration the age of property and depreciation. The HOA will have the option to repair or replace damaged property. The HOA will not be responsible for full replacement cost of damaged property. All property damaged must be surrendered to the HOA in exchange for payment of the claim by the HOA.

Owners may pay for the above refurbishment and upon receipt of the paid invoices the HOA Management Company will reimburse the owner within the allowances cited above. Alternatively, the owners may submit the individual invoices for required deposits and subsequently those invoices for the completed task to the HOA Management Company as they come in. The Association will provide checks for the allowed amounts made payable to both the supplier and the owner requiring the endorsement of both prior to deposit by the supplier.

The above allowances will remain in effect until a future Board of Directors notifies the Community members in writing that the above allowances have changed in order to keep up with inflation.

THE LAS BRISAS BOARD OF DIRECTORS

Las Brisas Community
Bernardo Heights Unit 12 (BH 12) Association of Homeowners

Supplement to 5.24 Specifications for Patio Cover “Architectural Guidelines”

Retractable awnings will be allowed beginning on March 1, 2009.

Reasons for the change:

The Community Association of Bernardo Heights has allowed the use of awnings as of June 1, 2008. As a result, the Bernardo Heights Unit 12, Las Brisas Condos Board has agreed to allow rear patio awnings made of metal or canvas either stationary or retractable as an alternative patio covering:

Specifications:

1. Awnings will follow the same guidelines as patio covers as to size and color.
2. All awnings will only be in the back private use patio area.
3. Awnings may be stationary or retractable, either manually or electrically, from within/without the unit or by a remote sensor.
4. An Architectural Form application must be submitted and all other indemnities contained in the “Architectural Committee Request Approval Form,” application are unchanged and apply hereto. The Owner acknowledges that responsibility to replace an incorrect awning and to repair common area damages caused by or during installation.
5. A licensed contractor must be used to install and warranty the Awning in order to preserve the integrity of the unit’s outer wall upon which the retractable or stationary awning may be mounted.

Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs

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Policy Number
90-78-9888-5

DECLARATIONS PAGE

COVERAGE SUMMARY
JUN 9 2009



STATE FARM GENERAL INSURANCE COMPANY
900 OLD RIVER RD, BAKERSFIELD CA 93311-6000
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Named Insured and Mailing Address
12-8248-F426 U
BERNARDO HEIGHTS UNIT
12 OWNER ASSOCIATION
ATTN THE PRESCOTT COMPANIES
5966 LA PLACE CT STE 170
CARLSBAD CA 92008-8830

CONDO/ ASSOC POLICY - SPECIAL FORM 3

Inflation Coverage Index: 205.4

AUTOMATIC RENEWAL - If the **POLICY PERIOD** is shown as **12 MONTHS**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Policy Period: 12 Months The policy period begins and ends at 12:01 am standard time at the premises location.
Effective Date: JUL 1 2009
Expiration Date: JUL 1 2010

Named Insured: CONDOMINIUM ASSOCIATION

Location of Covered Premises:

**See Schedule Page(s) for Location of Premises

Coverages & Property	Limits of Insurance
Section I	
A Buildings (Blanket)	\$ 23,635,600
B Business Personal Property	Excluded

Section II	
L Business Liability	\$ 3,000,000
M Medical Payments	\$ 5,000
Products-Completed Operations (PCO) Aggregate	\$ 6,000,000
General Aggregate (Other Than PCO)	\$ 6,000,000

Deductibles - Section I

\$ 10,000 Basic
20% Earthquake

In case of loss under this policy, the deductible will be applied to each occurrence and will be deducted from the amount of the loss. Other deductibles may apply - refer to policy.

Forms, Options, and Endorsements

Special Form 3	FP-6149
Policy Endorsement	FE-6506.2
Dist Mat Violat Statues Excl	FE-6655
Amendatory Endorsement	FE-6205
Policy Endorsement	FE-6567
Condo-Assn Policy Endorsement	FE-6466
Developer/Sponsor Exclusion	FE-6384

Policy Premium \$ 48,153.00

Discounts Applied:
Renewal Year
Multiple Unit
Claim Record

Continued on Reverse Side of Page

OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

Prepared
JUN 09 2009
-8010.3C
COOW
3/1992

Countersigned 6/25/09
By Wayne J. Coulon Agent
WAYNE COULON
(858) 487-4000

Your policy consists of this page, any endorsements and the policy form. PLEASE KEEP THESE TOGETHER.

Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs

A. East Slope Failures

The Problems – Issues and Scope

a. Pressure Grouting

Homes / units have subsided due to ground saturation – they need to be made level again. Pressure Grouting drills into the ground and injects grout, which displaces earth underneath the buildings, raising the ground level where required, to make the building floors level again.

b. Geotechnical Engineer

The Geotechnical Engineer works with the Pressure Grouting operation to verify amount of building lift and to evaluate soil conditions to evaluate amounts, depth and positioning of grouting.

c. Landscape Architect

Develop plans/recommendations to replant the East Slope (and other slopes) with plants that have improved deep root systems that will help stabilize the slope and absorb water out of the sub-soil.

The information is essential in order for BH-12 to submit proposals to the organization responsible for maintenance of those slopes.

d. Exterior Patio Repairs and Walls

Patios and walls experience direct damage due to drilling and settling

e. Collateral Damage

Post-subsidence repairs to adjacent units

f. Furniture Storage

Units will need to be completely empty during Pressure Grouting; there will be costs for storing owners' belongings while they are out of their units for 14 to 16 weeks. Owners will be responsible to pay for any of their own items stored in garages.

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)

The Condition

a. Pressure Grouting

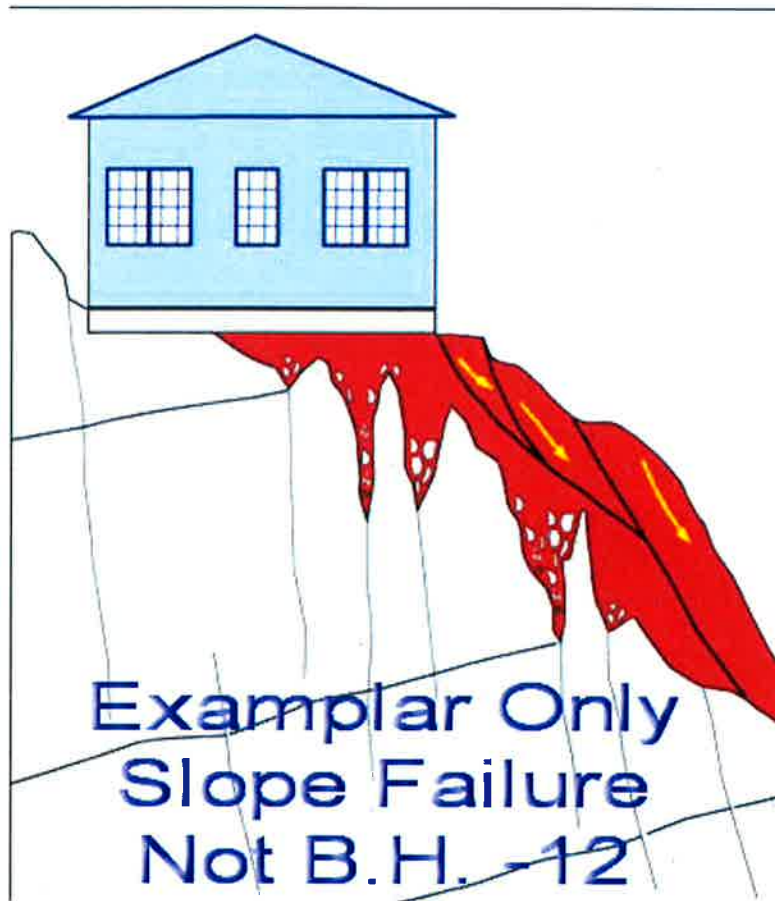


Figure 1: Depiction of Slope Failure

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 2: Slab cracking and damage as a result of ground settling

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 3: Slab cracking and damage as a result of ground settling



Figure 4: Slab cracking and damage as a result of ground settling

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 5: Damaged by shifting slope



Figure 6: Patio sliding away from wall as slope moves

Las Brisas Community Bernardo Heights Unit 12 (BH-12) Association of Homeowners 2009 Essential Repairs

A. East Slope Failures (continued)

b. Geotechnical Engineer

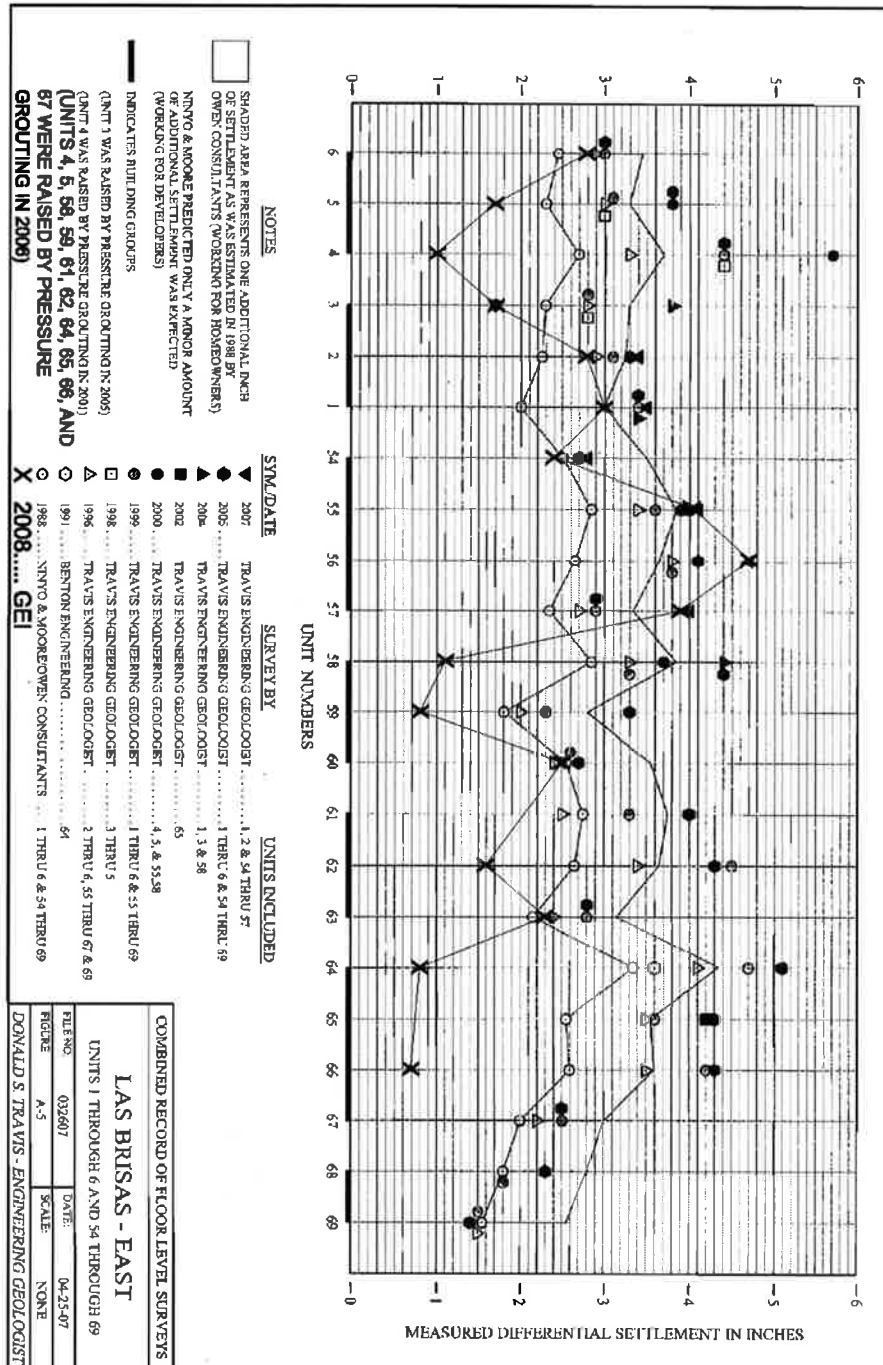


Figure 7: Histogram graphs comparisons, over time, of slope movement for examined units

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)

c. Landscape Architect

The Landscape Architect is tasked to assist in the development of a plan for a potential replanting of the East Slope (and other slopes around the Las Brisas complex) with plantings that would provide improved deep-root systems that will help stabilize the soil and absorb water from the sub-soil. The information is essential in order for BH-12 to submit proposals to the organization responsible for maintenance of those slopes.

d. Exterior Patio Repairs and Walls



Figure 8: Core drilling from 2006 Pressure Grouting resulted in destroyed patio slabs

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)

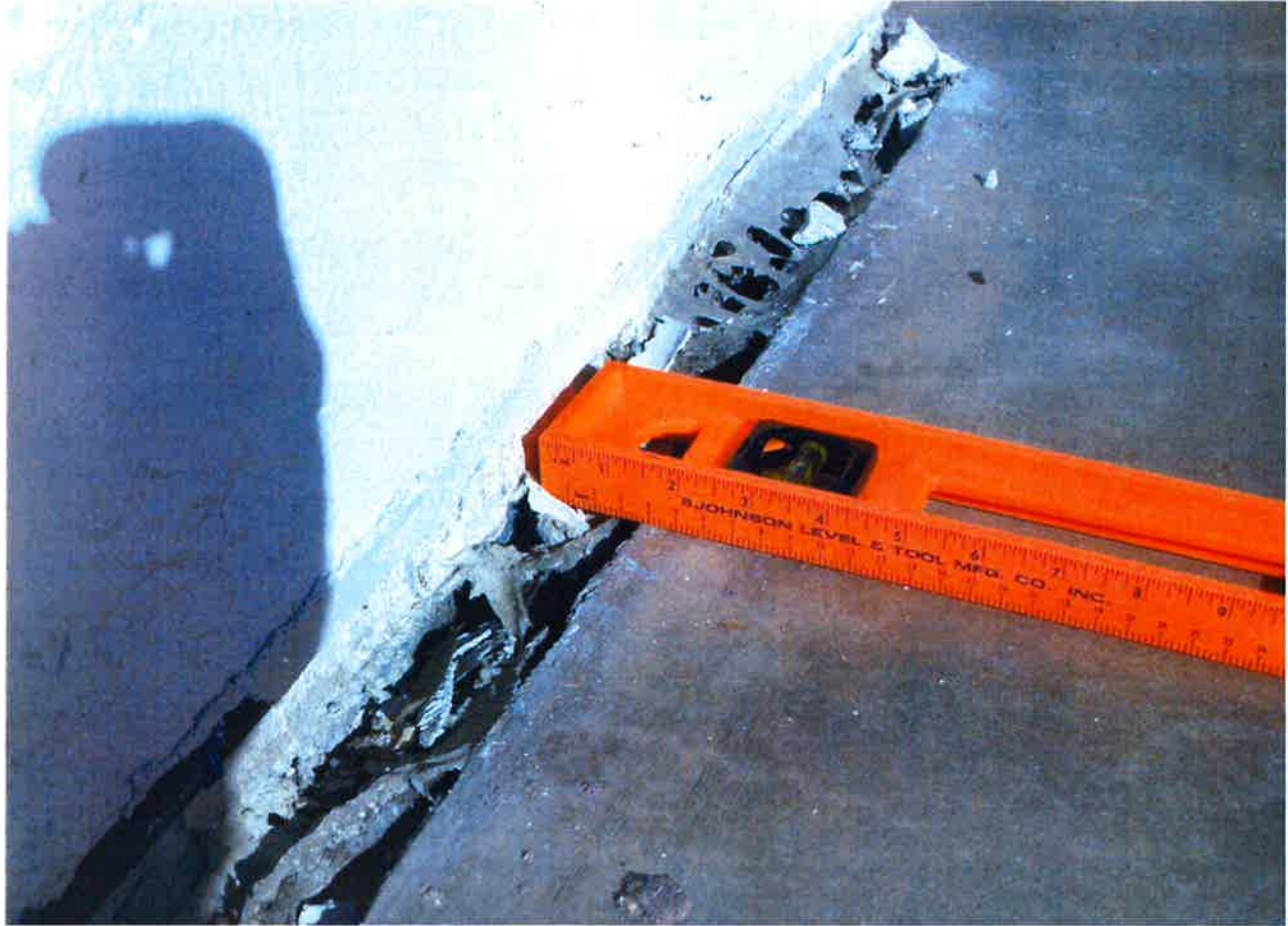


Figure 9: Patio slab separating from building wall due to slope movement

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 11: Core drilling from 2006 Pressure Grouting resulted in destroyed patio slabs

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)

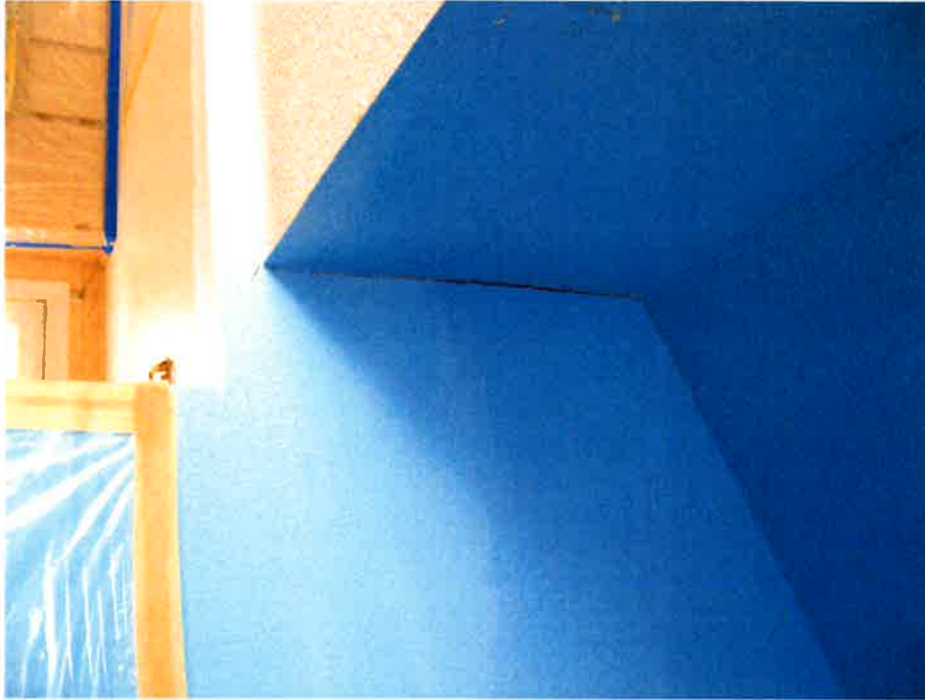


Figure 12: Wall separation from Pressure Grouting re-leveling of building

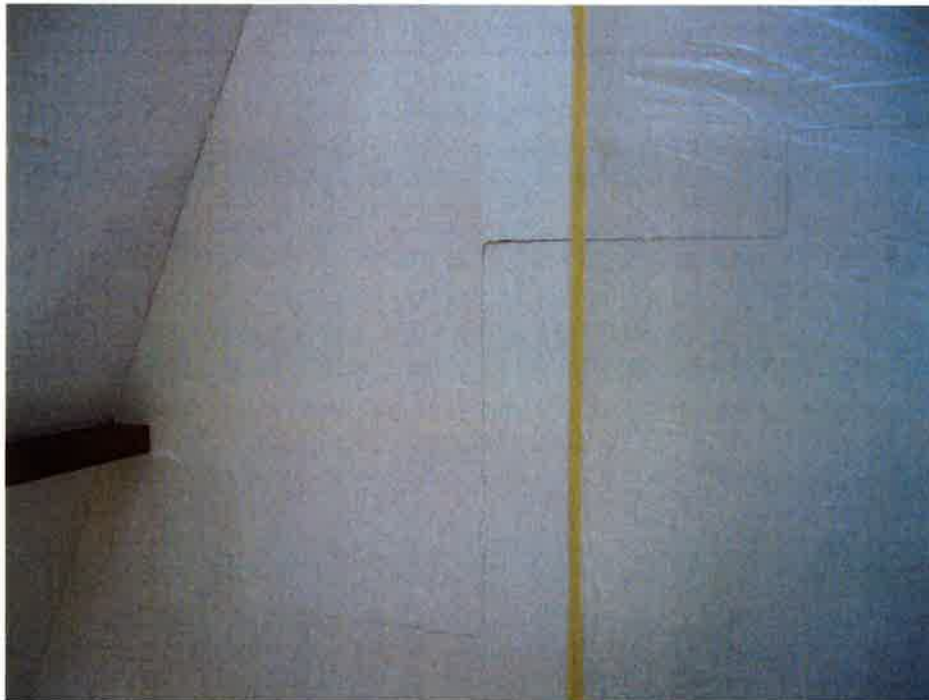


Figure 13: Wall separation from Pressure Grouting re-leveling of building

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 14: Wall separation from Pressure Grouting re-leveling of building

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 15: Wall separation from Pressure Grouting re-leveling of building



Figure 16: Slab cracking and damage as a result of ground settling

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 17: Slab cracking and damage as a result of ground settling

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)



Figure 18: Slab cracking and damage as a result of ground settling



Figure 19: Trenching to repair pipes improperly installed from original installation

Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs

A. East Slope Failures (continued)

g. Furniture Storage

Units will be vacated from 14 to 16 weeks. Entire contents of house will need to be placed in storage for the duration of the procedure. Garage, if used for storage, must also be moved and stored, but at owner's expense.

**Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs**

A. East Slope Failures (continued)

The Repairs

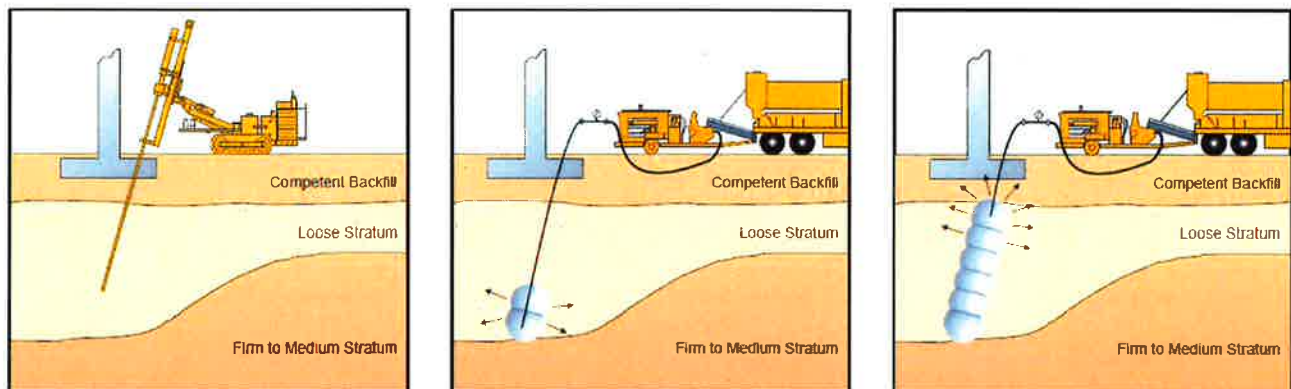


Figure 20: Steps involved in the actual pressure grouting procedure. 40-50 drill sites per unit are common.

Installation of grout pipe:

- ♦ *Drill or drive casing*
- ♦ *Location very important*
- ♦ *Record ground information from casing installation*

Initiation of grouting:

- ♦ *Typically from bottom up, but can be top down*
- ♦ *Grout quality important*
- ♦ *Pressure and/or volume of grout is usually limited*
- ♦ *Slow, uniform stage injection*
- ♦ *Generally injected in 3-4 foot center grids; generally 40 - 50 per unit*

Continuation of grouting:

- ♦ *On-site batching can aid control*
- ♦ *Grout quality important*
- ♦ *Pressure, grout quantity and indication of heave are controlling factors*
- ♦ *Sequencing of plan injection points very important*
- ♦ *Lifts building to re-level*

a. Pressure Grouting (five (5) units)

The entire process involved with pressure grouting:

1. packing and move-out of belongings for affected unit owners;
2. underground pipe detection and identification;
3. preparation of units for pressure grouting; includes pre-preparation and line detection;
4. pressure grouting;
5. Civil Engineer and operations oversight;

Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs

A. East Slope Failures (continued)

6. plumbing repair as required;
7. re-check of actual floor levels after lifting;
8. restoration and painting interior cabinets, doors, walls and ceilings (as required);
9. carpeting/flooring replacement (based on a maximum allowance);
10. move-in and unpacking.

b. Geotechnical Engineer

The Geotechnical Engineer works with the Pressure Grouting procedures to verify amount of building lift and to evaluate soil conditions and determine the necessary grout depth.

d. Exterior Patio Repairs and Walls (five (5) units)

1. rear downspout drains connected to storm drain system;
2. replacement of the five affected patio slabs (with a maximum per-square-foot allowance); and
3. restoration of the rear patio walls that are typically damaged during the re-leveling activity.

e. Collateral Damage (four (4) units)

1. two (2) units are adjacent to units being re-leveled and are expected to have some stress damage to the interior and possibly the exterior; and
2. two (2) other units incurred significant interior damage as a result of the 2006 pressure grouting, and have not yet been repaired.
3. repairs the eight inch (8") PVC storm drain pipe that will, based on past experience, be damaged by the pressure grouting.

Las Brisas Community
Bernardo Heights Unit 12 (BH-12) Association of Homeowners
2009 Essential Repairs

A. East Slope Failures (continued)

f. Furniture Storage

- units will need to be completely empty during Pressure Grouting; the costs for storage owners' belongings while they are out of their units for 14 to 16 weeks.

Las Brisas Community
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A. East Slope Failures (continued)

The Cost

a. Pressure Grouting

Five (5) Units @ \$85,000 per unit **\$ 425,000**

Estimate is based on the average of the 10 units Pressure Grouted in 2006 at \$70,000 each, plus 21% cost escalation since 2006 (Pressure Grouting alone increased 34%, based on recent cost proposals)

b. Geotechnical Engineer

Geotechnical Engineer **\$ 75,000**

Estimate is based on past experience with this type of work.

c. Landscape Architect

Landscape Architect **\$ 25,000**

Estimate is based on an allocation.

d. Exterior Patio Repairs and Walls

Five (5) Units @ \$12,000 per unit **\$ 60,000**

(Replacement of slabs with maximum per-square-foot allowance; restoration of rear patio walls)

Estimate based on recent slab pours and wall refurbishment estimates.

e. Collateral Damage

Four (4) Units @ \$6,250 per unit **\$ 25,000**

Estimate based on best guess and 2006 Pressure Grouting experience.

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B. Stucco Wall Failures

The Problems – Issues and Scope

The Rear Garden Walls are wood framed, stucco covered walls that are supported by 6-inch square wood posts set in either the earth or concrete. The wood posts are failing due to wood rot and termites. Also, in many cases the stucco is significantly deteriorated. In some cases, if the posts fail, the wall can fall over. An original survey determined that we have 3,000 lineal feet of rear garden wall that has either failed or is expected to fail within the next three (3) years. However, a new survey accomplished in 2009 identified only 1,700 lineal feet as being failed, or is expected to fail within the next three (3) years. Also, there are walls that are sound, but the stucco requires repair.

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B. Stucco Wall Failures (continued)

The Conditions



Figure 21: Deteriorated Stucco



Figure 22: Rotted Wall Post

B. Stucco Wall Failures (continued)



Figure 23: Rotted post resulting in wall settling

B. Stucco Wall Failures (continued)



Figure 24: Rotted post resulting in wall settling

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B. Stucco Wall Failures (continued)



Figure 25: Rotted post resulting in wall setting



Figure 26: Stucco failure; weep screed

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B. Stucco Wall Failures (continued)



Figure 27: Rotten fence base and stucco



Figure 28: Stucco fence - rotten post

B. Stucco Wall Failures (continued)



Figure 29: A "Weep Screed"



Figure 30: "Weep Screed"

B. Stucco Wall Failures (continued)

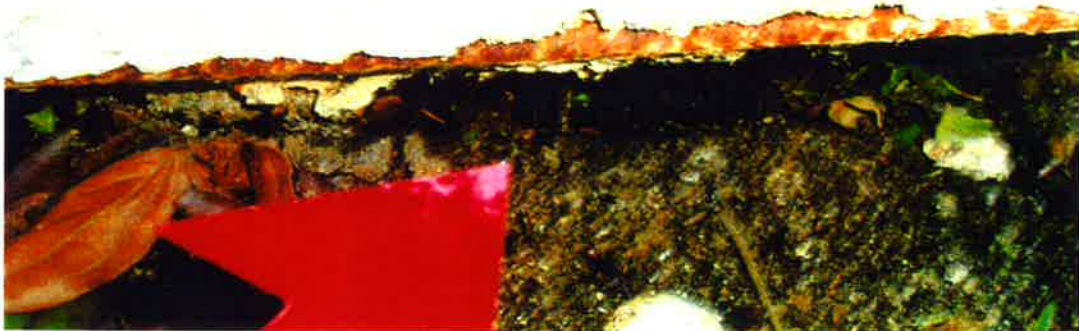


Figure 31: Stucco failure due to sustained moisture



Figure 32: Stucco failure - sustained moisture

B. Stucco Wall Failures (continued)



Figure 33: Stucco failure - sustained moisture



Figure 34: Stucco failure - sustained moisture

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B. Stucco Wall Failures (continued)



Figure 35: Stucco failure – sustained moisture



Figure 36: Landscaping touching homes

B. Stucco Wall Failures (continued)



Figure 37: Failed stucco; Spalled footing (from moisture)



Figure 38: Cracked stucco due to ground shifting

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B. Stucco Wall Failures (continued)



Figure 39: Sprinkler location and stucco failure



Figure 40: Sprinkler location

B. Stucco Wall Failures (continued)

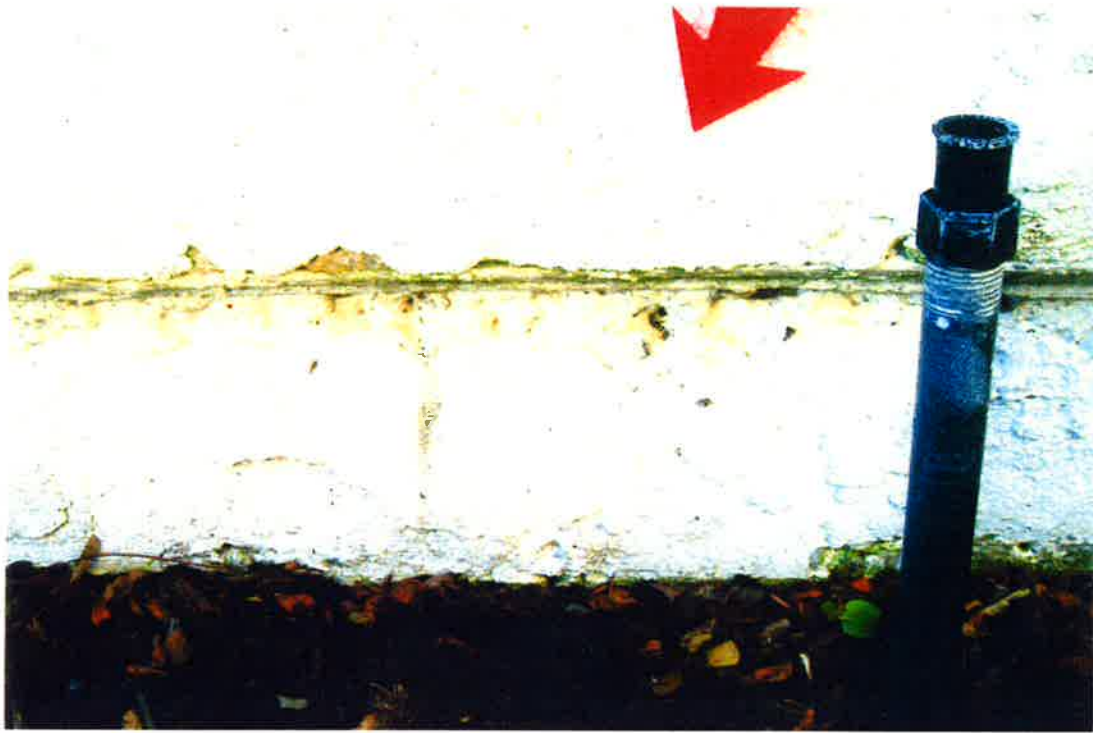


Figure 41: Sprinkler location - stucco failure - weep screed

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B. Stucco Wall Failures (continued)

The Repair

Repair/replace deteriorated rear walls based on current survey; in many instances may only require repair of damaged stucco, not full replacement.

The Cost

Replace or repair as necessary	\$ 280,500
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Estimate of 1,700 lineal feet at \$165 per lineal foot (average)

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C. Site Drainage

The Problems – Issues and Scopes

a. Drainage Issues

Provide ground water drainage for at least the most critical 21 units. If final design and cost allow, a priority list of additional units in need of corrective action is provided.

b. Civil Engineering

Provides investigation, design and specifications for the drainage of the listed critical units. Provides oversight of drainage construction.

c. Landscape Architect

Need exists to systematically improve our foliage to introduce foliage that is drought tolerant, colorful, and absorbs excess water from the soil. Where practical, revised landscaping will be installed in those areas where the existing plantings are overwatered to provide the necessary drainage provision.

C. Site Drainage (continued)

The Condition

a. Drainage and Flooding Issues



Figure 42: Water “ponding”, unable to drain away from house



Figure 43: Rainwater “ponding”, unable to drain away from house

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C. Site Drainage (continued)



Figure 44: Ponding by side of garden wall



Figure 45: Clogged drain

C. Site Drainage (continued)



Figure 46: Garden wall. Note disintegrated black paper due to sustained dampness

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C. Site Drainage (continued)



Figure 47: Inverse Drainage



Figure 48: Temporary drain lines to be placed underground 1st of 3 locations

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C. Site Drainage (continued)



Figure 49: Temporary drain lines to be placed underground 2nd of 3 locations



Figure 50: Temporary drain lines to be placed underground 3rd of 3 locations

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C. Site Drainage (continued)

b. Civil Engineering

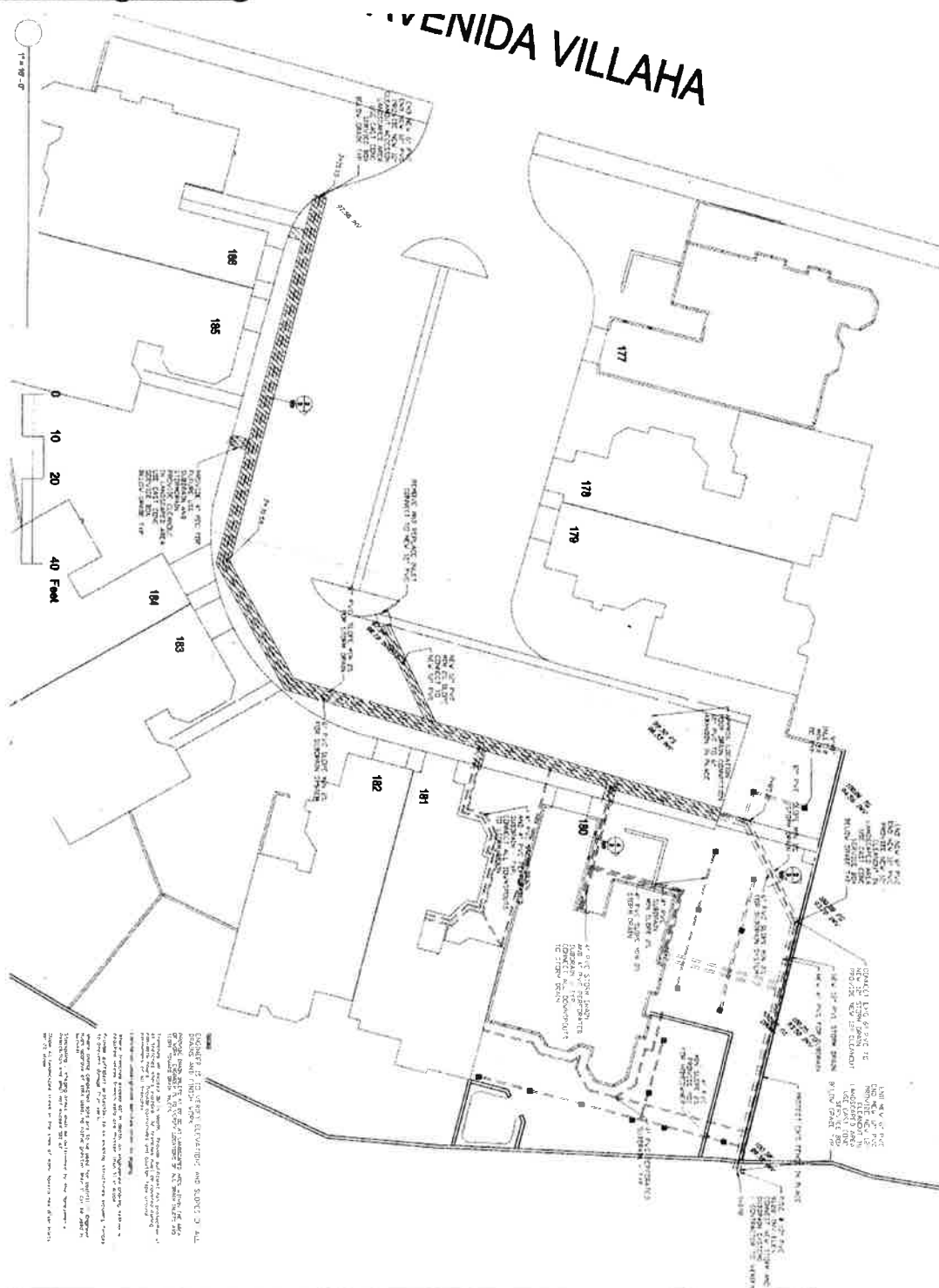


Figure 51: Typical New Drainage Plan - Units 180 through 186

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C. Site Drainage (continued)

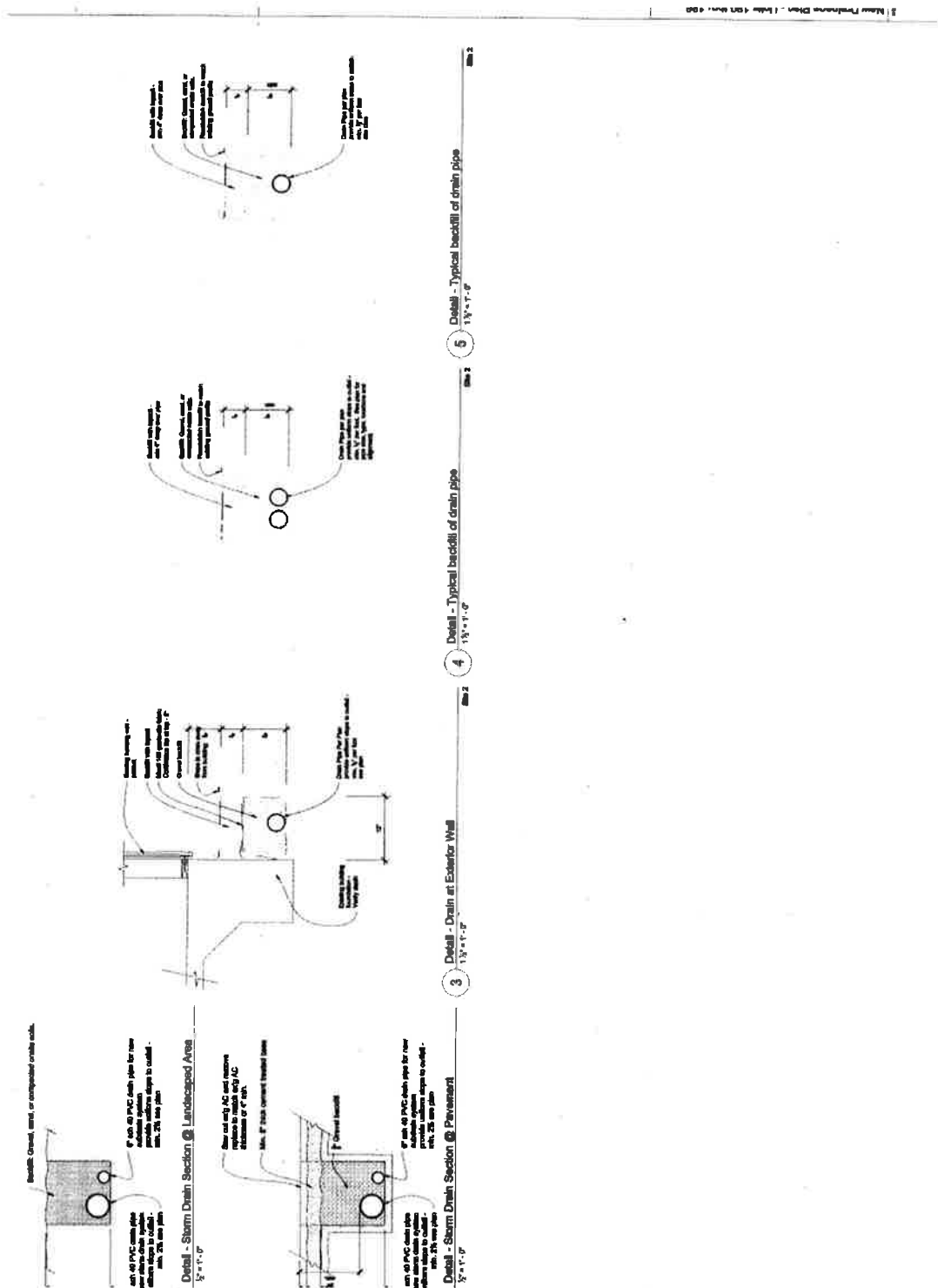


Figure 52: New Drainage Plan - Units 180 through 186

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C. Site Drainage (continued)

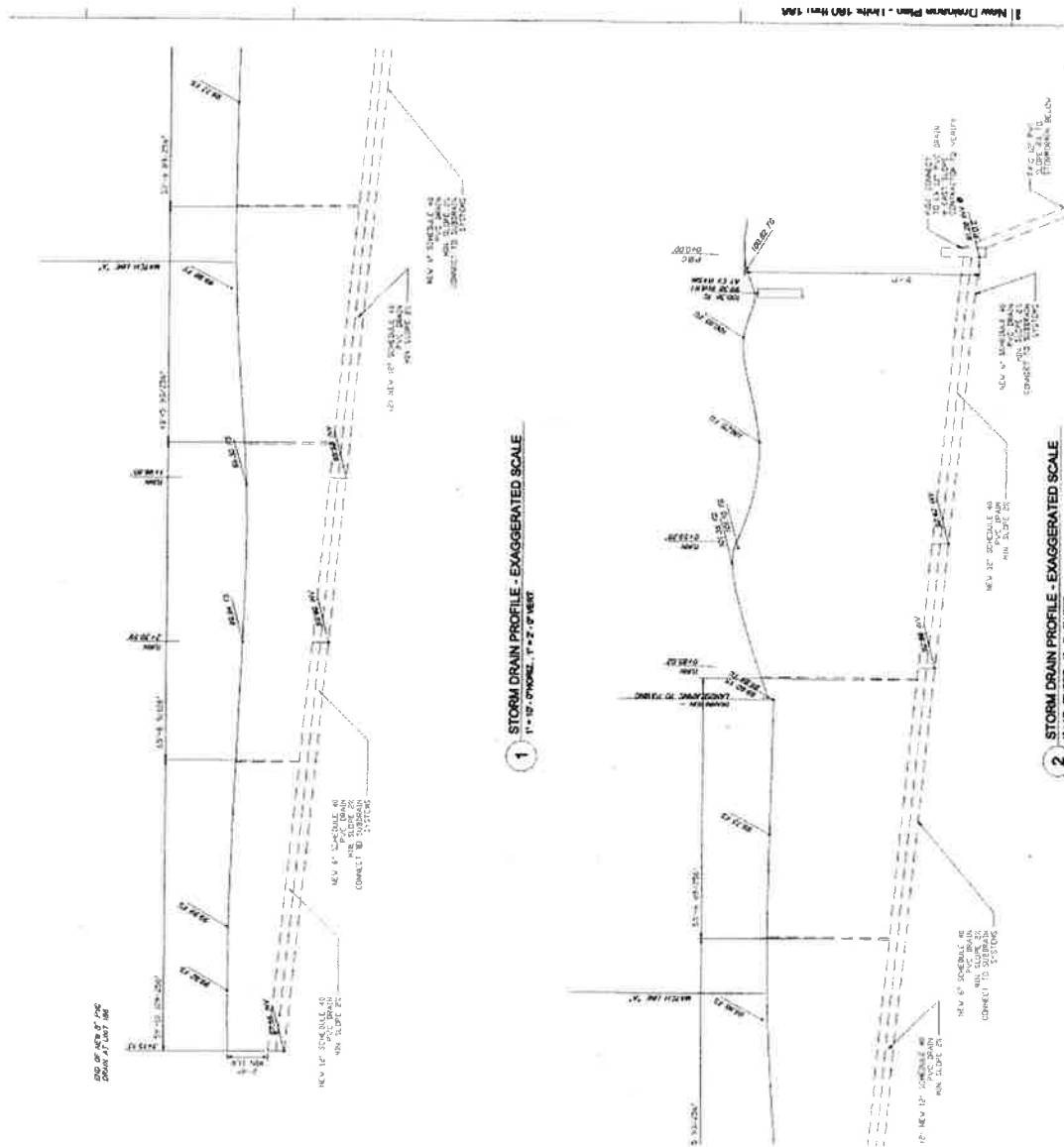


Figure 53: New Drainage Plan - Units 180 through 186

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C. Site Drainage (continued)

The Repairs

a. Drainage and Flooding Issues

1. adequate drain inlets and smooth piping that will collect water in more locations than presently provided. These should be designed with sufficient slope to lead the collected water away from catchment areas, allowing for both adequate volume of water and velocity;
2. adequate allowance for outflow from all piping. There will be concentrated flows of relatively high volume, which must be led to a suitable pipe that will lead the flow away at the volume and velocities they will be received.
3. adequate collection of concentrated flow from roof downspouts and area drains, directing these concentrated flows away from patios or landscaped areas, since these are level and eventually this flow water will have to be collected again.
4. adequate slope of the ground surface and pavement to drainage collectors (re-grading);
5. gutter and downspouts requirements and modifications;
6. limited irrigation system modifications and repair; and
7. replanting damaged plantings;
8. Specific Unit Site Drainage Tasks puts the temporary above-ground gutter collection system underground between Units #1/54, #57/58, and #61/62 that was installed in 2006; and

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C. Site Drainage (continued)

Drainage “Pods”

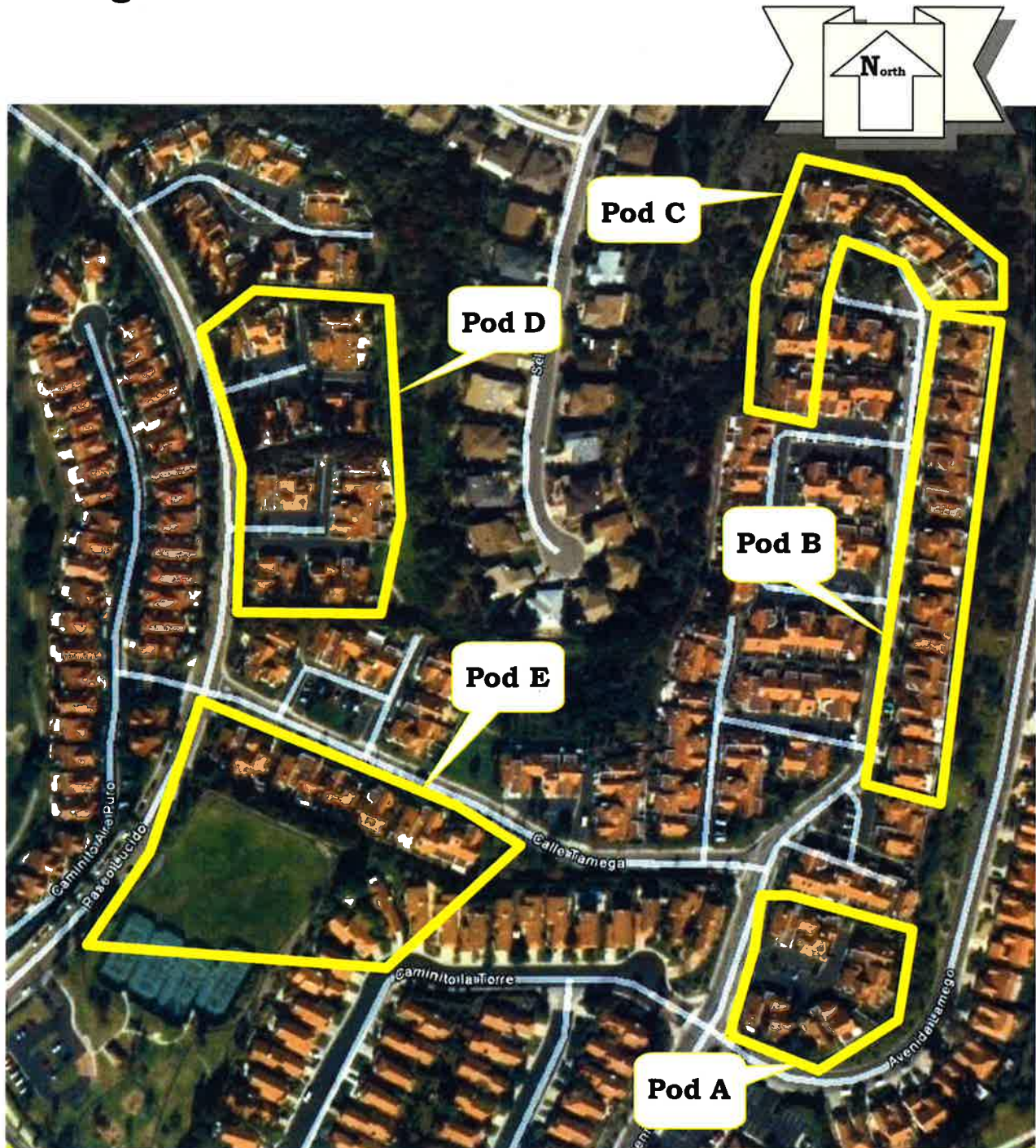


Figure 55: Illustration of Pods for Las Brisas

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C. Site Drainage (continued)

b. Drainage Priorities

Scope of work does include all of items 1 through 5 below.

- 1. Pod A consists of 10 Units, #177 to #186. Six (#180-#186) of these units have significant drainage issues that will be addressed.**
- 2. Pod B consists of 22 Units, #6 to #1, and #54 to #69, and requires the completion of the rear and between-unit drainage on 22 Units.**
- 3. Pod D consists of 23 units, #134 to #156 in 2 cul-de-sacs. Six (#134 - 138 and 151) of these units have significant drainage issues and will be addressed.**
- 4. #151 Front and Rear (Part of Pod D)**
- 5. Pod E consists of 13 Units, #109 - #121. Only the rear drainage for #120 and #121 will be addressed.**

Any excess funds after the above tasks are designed and contracted, will be applied to the following priority list in order from 6 to 10 below:

6. Balance of Pod A: #177 – 179
7. Units #152 and #153 (Balance of building in item 5 above)
8. Rear of #146 – 150
9. Balance of Pod E: #109 – 119
10. Pod C (Rear of #6 – 30)

b. Civil Engineer

1. surveying and testing of existing drainage for integrity for the total complex
2. conceptual drainage design for the Drainage work (described in Item “C.a.8.” above)

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C. Site Drainage (continued)

3. construction observation to assure compliance to the design and drawings, and to provide rapid support for unforeseen problems that will arise in the field

c. Landscape Architect

The Landscape Architect is tasked to do the following:

4. To provide specifications and design for the future evolution to a draught tolerant, low water landscaping that provides a generalized theme and a basic standard of plants and palate that can be used by the Association and its landscape company throughout the entire community.
5. To provide specifications for the purchase and installation of "Smart Controllers" that will reduce current irrigation water usage 20-40%.
6. To provide other modernization recommendations of our irrigation system that will have demonstrable water savings in the future but using our current irrigation system until we can modify each area throughout the community.
7. To provide short term landscaping plans that are consistent with the above three guidelines for use by the Association when replacing landscaping that must be torn out as part of the repair program.
8. To provide the Association guidance and a plan that will provide us landscaping that will be less expensive and labor intensive in future years.
9. To provide a basic concept drawing for the Community to follow from now and into the future.

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C. Site Drainage (continued)

The Cost

Provide drainage for 21 most critical units **\$ 1,130,000**

Estimate based on contractor evaluation of planned communities.

Civil Engineer

1. Survey **\$ 72,000**

2. Design and Drawings **\$ 180,000**

3. Construction Observation **\$ 120,000**

Estimate based on past experience of similar jobs.

Landscape Architect **\$ 50,000**

Total for Site Drainage **\$ 1,552,000**

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D. Arbors Replacement

The Problems – Issues and Scope

There are a total of 27 arbors. Two have been rebuilt. The remaining 25 are generally suffering from termites and/or dry rot. The arbors are inherently poorly flashed, allowing water intrusion into the building walls and pop-outs.² The resultant water intrusion has caused rot and mold in several cases in the header over a front window and the entry support column.

² Pop-out: decorative protrusions around windows.

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D. Arbors Replacement (continued)

The Condition:



Figure 56 Bad seal between pop-out and trellis beam above front elevation windows



Figure 57 Pop-out and trellis beam above front elevation windows

D. Arbors Replacement (continued)



Figure 58: Termite and dry rot damage



Figure 59: Knife easily penetrates arbors due to termite and dry rot damage

D. Arbors Replacement (continued)



Figure 60: Knife easily penetrates arbors due to termite and dry rot damage



Figure 61: Termite and dry rot damage

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D. Arbors Replacement (continued)



Figure 62: Deterioration of supporting beam into Pop-out beam above windows



Figure 63: Termite and dry rot damage to arbor and support column

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D. Arbors Replacement (continued)



Figure 64: Termite and dry rot damage



Figure 65: Termite and dry rot damage

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D. Arbors Replacement (continued)

The Repairs

Replacement of approximately 10 (or as many as possible with \$49,000) of the worst of the unsafe and damaged arbors. The replacement design will correct the current deficiencies to avoid reoccurrence.

The Cost

Arbors Replacement (approx. worst 10 units)	\$	49,000
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E. Pot Shelf Repairs

The Problems – Issues and Scope

Pot shelves have a propensity to leak at the juncture with the building and often on the top surfaces. The leakage has resulted in dry rot and mold, in several instances.

E. Pot Shelf Repairs (continued)

The Condition:



Figure 66: Crack at juncture of the Pot Shelf and building allows water intrusion



Figure 67: Crack at juncture of the Pot Shelf and building allows water intrusion

E. Pot Shelf Repairs (continued)



Figure 68: Close-up of crack between Pot Shelf and building wall



Figure 69 - View from interior of wall under pot shelf showing deteriorated building paper from sustained moisture conditions and pot shelf leakage

E. Pot Shelf Repairs (continued)



Figure 70: Inverse drainage, stucco and pot shelf failure

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E. Pot Shelf Repairs (continued)

The Repairs

Provide corrective action for those leaking and/or most likely to leak. Repairs will be primarily caulking and coating with a waterproofing agent. In some cases, the pot shelf may be completely removed.

The Cost

Pot Shelf Repairs/Removal and Window Seal	\$ 22,000
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Estimate based on analysis and allowance.

Las Brisas Community
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F. Painting

The Problems – Issues and Scope

Paint all wood (arbors, garage doors, gates) and metal (attic vents, chimney caps, flashing, and mail box legs). Front doors will be varnished or painted, as required. These items have not been painted since 1999 and are in dire need of having a protective coat applied. Garage doors are to be done in one color. The stucco horizontal surfaces will be scraped clean and sealed for long-term water resistance. All stucco will be painted with a high build waterproofing coating that will seal it against water absorption.

F. Painting (continued)

The Condition



Figure 71: Door paint condition

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F. Painting (continued)



Figure 72: Kiosks before repainting



Figure 73: Peeling of and weather damaged paint

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F. Painting (continued)

The Repair

- a. prepare and paint wood, metals, and all door types (except rear doors)
- b. seal all horizontal stucco surfaces and waterproof paint all stucco
- c. caulk all windows, and all cracks not repaired through other tasks

The Cost

a. Scraping and painting of wood, metal and all door types (except rear doors)	\$ 95,000
b. Sealing, caulking of windows and painting of stucco	\$ 184,000
<hr/>	
Total Painting	\$ 279,000

Estimate provided by a painting contractor

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G. Asphalt Paving Repair

The Problems – Issues and Scope

Typical cracking and deterioration of asphalt allows water to get underneath, creating further failure, cracking and deterioration.

G. Asphalt Paving Repairs (continued)

The Condition



Figure 74: Damaged pavement



Figure 75: Cracks allow moisture, causing additional damage

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G. Asphalt Paving Repairs (continued)



Figure 76: Breaks in surface allow moisture in causing additional damage



Figure 77: Cracks allow moisture, causing additional damage

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G. Asphalt Paving Repairs (continued)

The Repair

Repair the asphalt in all Las Brisas parking lots and private streets, as required. Provide a slurry coat over all areas to seal. Re-stripe parking areas and paint curbs as appropriate.

The Cost

Paving and repair of asphalt surfaces	\$ 90,000
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Estimate is based on contractor analysis and estimate.

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H. Permits

City Building and Connection Permits will be required for developing and installing the drainage collection system and connecting it to existing city storm drain pipes.

The Cost

City Building and Connection Permits	\$ 75,000
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Estimate is based on past and current experience with similar reconstruction activity.

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I. Legal

The Tasks

The attorney is needed to review and advise the Board regarding the construction contracts and invoices for the reconstruction activity. He will also be responding to owners with claims arising from the work.

The Cost

Attorney fees and costs	\$ 40,000
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Estimate is a best-guess allocation based on past experience.

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J. Contingency – Construction

The Problems – Issues and Scope

Provision for unforeseen construction costs due to conditions and findings that may develop.

The Cost

Reconstruction Activity Contingency Allowance	\$ 290,500
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Estimate is based on percentage of the total cost.

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K. Project / Construction Management

The Problems – Issues and Scope

- Provides for the detailed architectural designs for such work as the replacement arbors, flashing and rear garden wall replacement.

The Task

The Construction Management services is for:

- the release and evaluation of competitive bids
- monitoring of the contractors' performance and schedules
- meeting with the Board and our attorney when needed
- signing off on completion of contracts

The Cost

Architect Services	\$ 50,000
Construction Management Services	\$ 110,000
Total Management Services	\$ 160,000

Estimate provided by Project/Construction Manager

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L. Reimbursement to Owners

Six owners proceeded on their own to replace the rear patio slabs destroyed during the 2006 pressure grouting. The Board promised them reimbursement, based on an allocation of \$10.00 per square foot as soon as the Special Assessment is funded. The replacement of the patio slabs was the responsibility of the Association, which agreed to this arrangement due to limited funding availability.

The Cost

Reimbursement to six owners who did their own repairs:

Total to the six owners **\$ 23,000**

Estimate is based on actual allocated cost incurred by the six owners.

GRAND TOTAL **\$ 3,561,000**