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San Diego, California 92103

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("DECLARATION"), made on the date hereinafter set forth by UNIVERSITY DEVELOPERS, a partnership ("DECLARANT"), is made with reference to the following facts:

RECITALS

A. Declarant is the owner of the following parcels of real property located in the City of San Diego, County of San Diego, State of California: Parcels 1, 2 and 3 of Parcel Map 5705, which was filed for record in the Office of the Recorder of San Diego County, California on March 22, 1977, and Lot 10 of Genesse Highlands Unit No. 4, in the City of San Diego, County of San Diego, State of California, according to map thereof No. 7177, filed in the Office of County Recorder of San Diego County January 18, 1972. Said Parcels 1, 2, 3, and Lot 10 are hereinafter individually referred to as "Parcel 1," "Parcel 2," "Parcel 3," and "Lot 10," respectively.

B. Declarant has improved or intends to improve

Parcel 1 by constructing thereon a condominium project, and Declarant intends thereafter to annex Parcel 2, and thereafter to simultaneously annex Parcel 3 and Lot 10 (hereinafter Parcel 3 and Lot 10 are collectively referred to as "Parcel 3/Lot 10") to the condominium project (if it becomes economically feasible to do so). Declarant intends to establish said condominium project under the provisions of the California Condominium Act.

C. The development shall be referred to as the "Project." It is intended that the Project will be developed initially on Parcel 1, and will eventually comprise three phases. The first phase will consist of Parcel 1, containing 76 units; if Parcel 2 is annexed, the second phase will consist of Parcel 2, containing 68 units; and if Parcel 3/Lot 10 is annexed, the third phase will consist of Parcel 3/Lot 10, containing 80 units for a total of 224 units in the Project. The owner of a unit in Parcel 1 will receive title to his individual unit plus an undivided 1/76th interest as tenant in common in the Common Area of Parcel 1. The owner of a unit in Parcel 2 will receive title to his individual unit plus an undivided 1/68th interest as tenant in common in the Common Area of Parcel 2. The owner of a unit in Parcel 3/Lot 10 will receive title to his individual unit plus an undivided 1/80th interest as tenant in common in the Common Area of Parcel 3/Lot 10. Each unit shall have appurtenant to it a membership in PLAYMOR TERRACE WEST ASSOCIATION, a nonprofit corporation which shall administer and control the Common Area.

D. Declarant intends by this document to impose upon Parcel 1 (and upon annexation of other parcels to the Project,

to impose upon such other parcels as well) mutually beneficial restrictions under a general plan of improvement for the benefit of all of the said condominiums and the owners thereof.

E. Declarant hereby establishes by this Declaration a plan for the ownership of real property estates consisting of the individual ownership of the area of space contained in each unit as well as the co-ownership, as tenants in common and as herein set forth, of the remaining portions of the parcel in which such unit is located.

NOW, THEREFORE, Declarant hereby declares that Parcel 1 (and upon annexation to the Project, Parcel 2 and Parcel 3/ Lot 10) shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the provisions and conditions of the PRD permit (as defined in Article I below) and the following declarations, limitations, covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Project, and every part thereof, in accordance with the plan for its improvement and the division thereof into condominiums. All of the limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be binding upon Declarant and its successors and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Project.

ARTICLE I

DEFINITIONS

1. "Articles" shall mean and refer to the Articles of

to impose upon such other parcels as well) mutually beneficial restrictions under a general plan of improvement for the benefit of all of the said condominiums and the owners thereof.

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ARTICLE I

DEFINITIONS

1. "Articles" shall mean and refer to the Articles of

Incorporation of the Association, as the same may be amended from time to time.

2. "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the property which is to be paid by each unit owner as determined by the Association.

3. "Association" shall mean and refer to PLAYMOR TERRACE WEST ASSOCIATION, a California nonprofit corporation.

4. "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

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

6. "Common Area" shall mean and refer to those portions of the Project not constituting the individual condominium units. The Common Area includes, without limitation: land; parking and driveway areas; garage areas; stairs; storage areas; bearing walls, columns, girders, subfloors, unfinished floors, roofs, and foundations; central heating, central air-conditioning equipment, reservoirs, tanks, pumps, motors, ducts, flues and chutes; conduits, pipes, plumbing, wires and other utility installations (except the outlets thereof when located within the unit), required to provide power, light telephone, gas, water, sewerage, drainage, heat, air-conditioning and elevator service; sprinklers, sprinkler pipes, and sprinkler heads which protrude into the air-space of a condominium unit; central television antenna. —

7. "Common expenses" means and includes the actual and estimated expenses of operating the Project and any reasonable reserve for such purposes as found and determined by the Board and all sums designated common expenses by or

pursuant to the condominium documents.

8. "Common interest" means the proportionate undivided interest in the Common Area which is appurtenant to each unit as set forth in this Declaration.

9. "Condominium" shall mean an estate in real property as defined in California Civil Code § 783, consisting of title to a unit and an undivided interest in a Common Area. The ownership of each condominium shall include the ownership of a unit and the respective undivided interest in the Common Area of the particular parcel in which the unit is located, membership in the Association, and a nonexclusive easement for ingress and egress over the Common Area of the other parcels which are a part or become by annexation pursuant to Article II, Paragraph 4, a part of the Project. Each unit shall be a separate freehold estate consisting of the space described and defined in Article II, Paragraph 2a. Each unit includes portions of the structure so described and the air-space so encompassed.

10. "Condominium building" shall mean a residential structure containing units.

11. "Condominium documents" means and includes the Declaration, the exhibits, if any, attached thereto, the Articles, the Bylaws, and the rules and regulations for the members as established from time to time.

12. "Condominium Plan" shall mean and refer to the recorded diagrammatic floor plan of the units built or to be built in the Project which identifies one or more units and shows their dimensions pursuant to Civil Code § 1351.

13. "Declarant" shall mean and refer to UNIVERSITY DEVELOPERS, a partnership.

14. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, as the same may be amended from time to time.

15. "Institutional Lender" shall mean any bank, savings and loan association, insurance company, or other financial institution holding a recorded first mortgage on any condominium in the Project.

16. "Map" shall mean and refer to that Parcel Map recorded on March 22, 1977, at page 77-103852, in the official records of San Diego County, California.

17. "Member" shall mean and refer to a person entitled to membership in the Association as provided herein. Whenever "member" or "membership" is used in this Declaration for the purpose of determining quorums, percentages, or minimum or maximum numbers for voting as specified in this Declaration, all persons who are members because of their joint ownership of a particular condominium shall be counted as one.

18. "Mortgage" shall include a deed of trust as well as a mortgage. A "first mortgage" shall mean a mortgage or deed of trust which is recorded, which has first priority over all other mortgages and deeds of trust, and which was made in good faith and for value.

19. "Mortgagee" shall include a beneficiary or a holder of a deed of trust as well as a mortgagee.

20. "Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

21. "Owner" shall mean and refer to the record holder or holders of title, if more than one, of a condominium in the Project. "Owner" shall include any person having a fee simple title to any unit and shall include contract sellers,

but shall exclude persons or entities having any interest merely as security for the performance of an obligation. Whenever "owner" is used in this Declaration for the purposes of determining quorums, percentages, or minimum or maximum numbers for voting as specified in this Declaration, all the owners of a particular condominium shall be counted as one.

22. "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

23. "PRD permit" means the Planned Residential Development Permit adopted by the Planning Commission of the City of San Diego and bearing No. 3, which concerns Parcels 1, 2 and 3, as such permit may have been or may hereafter be amended or modified.

24. "Project" shall mean and refer to Parcel 1, including all structures and improvements erected or to be erected thereon, and shall also include Parcel 2 when it is annexed, and Parcel 3/Lot 10 when it is annexed.

25. "Restricted Common Area" shall mean and refer to those portions of the Common Area, if any, set aside for exclusive use of a unit owner or owners.

26. "Unit" shall mean and refer to the elements of a condominium which are not owned in common with other owners of condominiums in the Project.

ARTICLE II

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

1. Description of Project: The Project consists initially of Parcel 1 with condominium units and all other improvements located and to be located thereon. Declarant

intends to construct upon Parcel 1 condominium buildings, which are either one or two stories in height, plus recreational facilities and other usual appurtenances and other facilities. Reference is hereby made to the Condominium Plan to supply further details concerning the Project.

2. Division of Project: The Project is hereby divided into the following separate freehold estates:

a. Units: Each of the units as separately shown, numbered and designated in the Condominium Plan for Parcel 1, which was recorded on March 25, 1977, as File No. 77-110569 in the official records of San Diego County, consists of the space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows, and doors of each unit, each of such spaces being defined and referred to herein as a "unit." Each unit includes both the portions of the building so described and air-space so encompassed. The unit does not include those areas and those things which are defined as "Common Area." Each unit is subject to such encroachments as are contained in the building, whether the same now exist or may be later caused or created in any manner permitted by the condominium documents. In interpreting deeds and plans, the then existing physical boundaries of a unit, whether in its original state or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or deed, and those of the building.

b. Common Area: The remaining portion of the Project, referred to herein as "Common Area," shall include, without limitation, all of the elements set forth in Article I, Paragraph 6. The ownership of each condominium shall include a unit and an undivided interest in the Common Area of the particular parcel in which the unit is located, subject to the provisions of Article I, Paragraph 9. The common interest appurtenant to each unit is declared to be permanent in character and cannot be altered without the consent of all the unit owners affected, and the first mortgagees of such unit owners, as expressed in an amendment to this Declaration. Such common interest cannot be separated from the unit to which it is appurtenant. Each unit owner may use the Common Areas in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of any other unit owners. Control of the Common Areas shall be transferred from Declarant to the Association upon commencement of the first properly called meeting of the membership of the Association at which a quorum is present.

c. Restricted Common Area: Portions of the Common Area referred to a "Restricted Common Area" on the Condominium Plan are hereby set aside and allocated for the exclusive use of the owners of the unit to which they are assigned on the Condominium Plan.

d. No Separate Conveyance of Undivided Interests: The foregoing undivided interests are hereby established and are to be conveyed with the respective units as indicated above, cannot be changed, except as herein set forth, and Declarant, its successors, assigns and grantees covenant and

agree that the undivided interests in the Common Areas and the fee title to the respective units conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest shall be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the unit.

3. Partition Prohibited: The Common Areas shall remain undivided as set forth above. Except as provided by California Code of Civil Procedure § 752b, and California Civil Code § 1354, no owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the Project. Judicial partition by sale of a single unit owned by two or more persons and division of the sale proceeds is not prohibited hereby but partition of title to a single unit is prohibited.

4. Annexation of Additional Parcels: Parcel 2 and Parcel 3/Lot 10 may be annexed to the Project and become subject to this Declaration by either of the methods set forth in this section. The effects of annexation shall be as follows: Upon annexation, additional parcels shall become subject to this Declaration without the necessity of amending individual sections hereof.

a. Annexation Pursuant to Plan: Parcel 2 and Parcel 3/Lot 10 may be annexed to and become a part of the Project, subject to this Declaration, and subject to the jurisdiction of the Association, without the assent of the Association, its members, or the owners, on condition that:

1. Date for Annexation: Unless otherwise approved by the vote or written assent of at least two-thirds (2/3) of the total votes residing in Association members other than Declarant, any annexation to the Project pursuant to this sub-section a. shall be effected prior to the third anniversary of the original issuance of the most recently issued public report for a phase of the Project.

2. Declaration of Annexation: A Declaration of Annexation shall be recorded covering the applicable Parcel to be annexed. A Declaration of Annexation may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added parcel, and as are not inconsistent with the scheme of this Declaration. Each Declaration of Annexation shall constitute an amendment to this Declaration.

b. Annexation Pursuant to Approval: Upon approval in writing of the Association pursuant to the vote of a two-thirds (2/3) majority of the voting power of its members or the written assent of such two-thirds (2/3) majority, excluding the voting power or written assent of Declarant, the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Declaration of Annexation containing complementary additions and modifications as described in the preceding paragraph. Each such Declaration of Annexation shall constitute an amendment to this Declaration.

ARTICLE III
ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND
VOTING RIGHTS

1. Association to Manage Common Areas: The management of the Common Area shall be vested in the Association in accordance with its Bylaws. The owners of all the condominiums covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration and the Articles and Bylaws of the Association.

2. Membership: The owner of a unit shall automatically, upon becoming the owner of same, be a member of the Association, and shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and Bylaws of the Association.

3. Transferred Membership: Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the unit to which it is appurtenant, and then only to the purchaser (in the case of a sale) or mortgagee (in the case of an encumbrance) of such unit. Any attempt to make a prohibited transfer is void. In the event the owner of any unit should fail or refuse to transfer the membership registered in his name to the purchaser of his unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void. Within three days of the transfer of any unit, the transferor and transferee thereof must each notify the Board of Directors of the transfer.

4. Membership Classes and Voting Rights:

a. Class A Membership. Class A members shall be all owners (with the exception of the Declarant while Class B membership is in existence). Each unit shall be entitled to one vote. When more than one person holds an interest in any unit, all such persons shall be members, and the vote for such unit shall be exercised as the majority of such persons among themselves determine. In no event shall more than one vote be cast with respect to any unit, and in no event shall the vote of any unit be split. The owner (or valid proxy) exercising the vote for any unit at a meeting shall be conclusively presumed to be voting in the manner determined by the majority of the owners of that unit unless the Association is otherwise notified in writing prior to the meeting, or an objection is made by another owner of that unit from the floor of the meeting.

b. Class B Membership. The Class B member shall be the Declarant, who shall be entitled to vote as follows: voting shall be the same as for Class A memberships, except that the Class B member shall have three votes for each unit owned by it. For purposes of this subparagraph 4.b., a unit is first deemed owned by the Class B member when the parcel upon which the unit will be located becomes a part of the Project. The Class B membership shall be converted to Class A membership and shall cease to exist on the occurrence of whichever of the following is first in time:

(1) When the total outstanding votes held by Class A members equals the total outstanding votes held by the Class B member (tripled as stated above); provided, however, that after annexation of Parcel 2, and again after annexation

of Parcel 3/Lot 10, the Class B membership shall be revived and shall again continue until the total outstanding votes held by Class A members equals the total outstanding votes held by the Class B member (tripled as stated above); or

(2) The date of the second anniversary of the original issuance of the most recently issued public report for a phase of the Project; or

(3) The date of the fourth anniversary of the original issuance of the public report for the first phase of the Project.

Whenever there is no Class B membership, provisions of this Declaration which require action by both classes of the voting membership shall require the stated action by Class A members only.

ARTICLE IV

MAINTENANCE AND ASSESSMENTS

1. Creation of the Lien and Personal Obligations

of Assessments: The Declarant, for each unit within the Project, hereby covenants, and each owner of any unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges (payable in equal monthly installments), and (2) special assessments for capital improvements and as hereafter set forth, such assessments to be established and collected as hereafter provided. Each annual and special assessment, together with interest, costs and reasonable attorneys' fees incurred by the Association in collecting any delinquent assessments, shall be a charge on the condominium and shall

be a continuing lien upon the condominium against which each such assessment is made, the lien to become effective upon recordation of a notice of assessment. Each such assessment, together with interest, costs and reasonable attorneys' 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. No owner of a condominium may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his condominium.

The annual assessments for the condominiums in the Project shall commence upon the first day of the first calendar month following the close of escrow for the first sale of a condominium in the Project, and, thereafter, as additional parcels are annexed to the Project, as to each annexed parcel upon the close of escrow for the first sale of a condominium in such annexed parcel. Annual and special assessments chargeable to or payable for each unsold Condominium in the Project shall be charged to, paid by, and be the debt of Declarant.

2. Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Project and for the improvement and maintenance of the Common Area for the common good of the Project.

3. Determining Annual Assessments: Within ninety (90) days before the close of each fiscal year of the Association, the Board of Directors shall determine the expenditure

budget for the Association for the next succeeding fiscal year. The expenditure budget shall include all expenses of the Association, including reasonable reserves for contingencies and replacements. The amount so determined (less any surplus expected to be on hand from the prior year's expenditure budget) shall be the total Project annual assessment. The Board may appoint a Finance Committee to assist in the determination of the expenditure budget.

4. Procedure for Increasing Annual Assessments:

a. From and after January 1 of the year immediately following the first conveyance of a unit to an owner, the maximum annual assessment may be increased each year by not more than ten percent (10%) above the maximum annual assessment for the previous year without a vote of the membership.

b. From and after January 1 of the year immediately following the first conveyance of a unit to an owner, the maximum annual assessment may be increased by more than ten percent (10%) by the affirmative vote of fifty-one percent (51%) of the votes entitled to be cast by each class of members.

The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

5. Special Assessments: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area (including fixtures and personal property related thereto),

or any unallocated taxes pursuant to Article IV, Paragraph 11 below, provided that any such assessment shall have the affirmative vote of fifty-one percent (51%) of the votes entitled to be cast by each class of members.

6. Notice and Quorum for Any Action Authorized Under Article IV, Paragraphs 3 and 4: Any action authorized under Article IV, Paragraphs 3 or 4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than ten (10) days (except in emergency situations) nor more than forty-five (45) days in advance of the meeting. A quorum for such meeting shall be twenty-five percent (25%) of the Class A members. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite fifty-one percent (51%) of the votes entitled to be cast by each class of members, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the Association not later than thirty (30) days from the date of such meeting.

7. Division and Payment of Assessments: All assessments, both annual and special, shall be charged to and divided among the number of units equally. The owners of each unit shall be jointly and severally liable for the assessment made against their unit. Each owner shall be obligated to pay to the Association his regular assessment in twelve equal monthly installments on or before the fif-

teenth (15th) day of each calendar month, and to pay special assessments within thirty (30) days after their levy or at such other times as the Board of Directors shall designate. All assessments shall be paid at such place as the Board of Directors shall designate.

8. Commencement of Annual Assessment: As stated in Article IV, Paragraph 1 above, the annual assessments provided for herein shall commence as to all condominiums within each parcel in the Project on the first day of the month following the first conveyance of a condominium in each such parcel as and when each such parcel is included in the Project. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall determine and fix the amount of the annual assessment against each unit at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every owner subject thereto. 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 unit have been paid. A properly executed certificate of the Association as to the status of assessments on a unit is binding upon the Association as of the date of its issuance.

9. Nonpayment of Assessments; Recording of Lien: If any assessment is not paid within fifteen (15) days after the due date, a late charge of five dollars (\$5.00) shall be assessed for each month or fraction thereof from the due date until the assessment and all late charges are paid. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the condominium.

The Board of Directors may cause to be recorded as to any delinquent assessment in the Office of the County Recorder of San Diego County, California, a Notice of Assessment Lien, which shall state the amount of the assessment and such related charges as may be authorized by this Declaration, a description of the condominium against which the lien has been assessed, and the name of the record or reputed owner of the condominium. The notice shall be signed by any member of the Board of Directors, or by the Association's managing agent. The assessment lien shall also be deemed to secure all of the foregoing items which shall become due or incurred relative to the condominium subsequent to the recordation of the Notice of Assessment Lien until the completion of the enforcement of the lien or the payment of the full amount secured by the lien, or other satisfaction to be made in connection therewith.

10. Subordination of the Lien to First Deeds of Trust and First Mortgages; Notice of Default: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any unit shall not affect the assessment lien. However, the sale or transfer of any unit pursuant to foreclosure of a first mortgage or deed in lieu of foreclosure of a first mortgage shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof.

Where the mortgagee of a first mortgage of record or other purchaser of a condominium obtains title to the same as a result of such a foreclosure, or deed in lieu of

foreclosure, such acquirer of title, and its successor and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such condominium which became due prior to the acquisition of title to such condominium by such acquirer. However, such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from owners of all of the condominiums, including such acquirer, its successors and assigns.

Upon the written request of a holder of a first mortgage encumbering a condominium, the Association shall provide such holder with written notification of any default by the owner of such condominium in the performance of such owner's obligations under this Declaration and the By-Laws of the Association, or either of them.

11. Priorities; Enforcement; Remedies: When a notice of assessment has been recorded, such assessment shall constitute a lien on such condominium prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first mortgage.

Such lien, when delinquent, may be enforced by sale by the Association, its attorney, or any other person authorized to make the sale; provided, however, that no proceeding or action shall be instituted to foreclose the lien, either judicially or under the power of sale granted herein, until notice of intention to proceed to foreclose the lien shall have been delivered by the Board of Directors to the owners of the condominium affected by the lien at least thirty (30) days prior to the commencement of any such action or proceeding, and such sale shall be conducted in

accordance with the provisions of Sections 2924-2924h of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

The Association, acting on behalf of the owners, shall have the power to bid for the condominium at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid common expenses, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same.

Subject to the provisions of the Bylaws, the Board may suspend the voting rights and right to use the recreational facilities of a member who is in default in payment of any assessment.

12. Unallocated Taxes: In the event that any taxes are assessed against the Association, or the property of the Association, rather than against the units, said taxes shall be added to the annual assessments and, if necessary, a special assessment may be levied (in the manner set forth in Article IV Paragraphs 4 and 5) against the units in an amount equal to said taxes, to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

ARTICLE V

DUTIES AND POWERS OF THE ASSOCIATION

1. Duties and Powers: In addition to the duties and powers enumerated in the Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the right and authority to:

a. Maintain, repair, replace, restore, operate and manage all of the Common Area and all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association, and establish an adequate reserve fund for repair, replacement and restoration thereof.

b. Obtain, for the benefit of all of the condominiums, all water, gas and electric service, refuse collection, and janitorial service.

c. Grant easements where necessary for utilities, services and sewer facilities over the Common Area to serve the Common Area and the condominiums.

d. Secure (i) appropriate fidelity bond coverage (naming the Association as obligee) for any person or entity handling funds of the Association, including, but not limited to, employees of any manager or managing agent; (ii) insurance for the protection of its directors and officers from personal liability in the management of the Association's affairs, and (iii) such other policy or policies of insurance as the Board of Directors deems necessary or desirable in protecting the interest of the Association and its members.

e. Employ a manager or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract entered into prior to the first annual meeting of the members of the Association with a firm or person appointed as a manager or managing agent shall not exceed a one year term and shall provide for the right of the Association to terminate the same for cause on thirty (30) days written notice.

f. Discharge by payment, if necessary, any lien against the Common Area, and assess the cost thereof to the member or members responsible for the existence of said lien.

g. Adopt reasonable rules not inconsistent with this Declaration relating to the use of the Common Area, all facilities located thereon, and the conduct of owners and their tenants and guests with respect to the Common Area.

2. Maintenance by Association of Condominiums: The Association shall provide maintenance of the condominiums as follows: paint, maintain, repair and replace roof, exterior building surfaces (other than exterior glass surfaces), landscaping, balconies, parking areas, recreational facilities and the other portions of the Common Area. In the event that the need for maintenance or repair of any area subject to maintenance by the Association is caused through the willful or negligent act of any owner, his family, or invitees, the cost of such maintenance or repair in excess of insurance proceeds payable to the Association for such maintenance or repair shall be added to and become a part of the assessment to which such owner's condominium is subject.

3. Use of Recreational Facilities: The Association shall have the right to limit the number of an owner's guests who may use the recreational facilities, and to limit the days and duration of such use.

ARTICLE VI

UTILITIES

1. Owners' Rights and Duties: The rights and duties of the owners of condominiums with respect to sanitary sewer, water, electricity, gas and telephone lines and

facilities, and heating and air-conditioning facilities shall be as follows:

a. Whenever sanitary sewer, water, electricity, gas, television receiving, telephone lines or connections, heating or air-conditioning, conduits, ducts, or flues are installed within the Project, which connections, or any portion thereof, lie in or upon condominiums owned by other than the owner of a condominium served by said connections, the Association and the affected owner shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the condominiums or to have the utility companies enter upon the condominiums in or upon which said connections, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when necessary.

b. Whenever sanitary sewer, water, electricity, gas, or telephone lines or connections, heating or air-conditioning conduits, ducts, or flues are installed within the Project which connections serve more than one condominium, the owner of each condominium served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his condominium.

2. Association's Duties: The Association shall maintain all utility installations located in the Common Area except for those installations maintained by utility companies, public, private, or municipal. The Association shall pay all charges for utilities supplied to the Project except those metered or charged separately to the units.

ARTICLE VII

USE RESTRICTIONS

In addition to all of the covenants contained herein,

the use of the Property and each condominium therein is subject to the following:

1. Condominium Use: No condominium shall be occupied and used except for residential purposes by the owners, their tenants, and social guests, and no trade or business shall be conducted therein, except that Declarant, its successors, or assigns, may use any unit or units in the Project owned by Declarant for a model site or sites and display and sales office during construction and development of the Project. Such right shall terminate on December 31, 1985.

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

3. Vehicle Restrictions: No trailer, camper, mobile home, commercial vehicle, truck (other than standard size pickup truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the Project, other than temporarily. Commercial vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the

Board. No noisy or smoky vehicles shall be operated on the Project. No off-road unlicensed motor vehicles shall be operated upon the Project.

4. Signs: No signs shall be displayed to the public view on any units or on any portion of the Project except such signs as are approved by the Board except "For Sale" or "For Rent" signs of customary and reasonable dimensions and as permitted by law.

5. Animals: No animals, or birds of any kind shall be raised, bred, or kept in any condominium, or on any portion of the Project, except that no more than two (2) usual and ordinary household pets such as dogs, cats, birds, etc., may be kept, provided that they are not kept, bred, or maintained for any commercial purposes, and further provided they are kept under reasonable control at all times. Notwithstanding the foregoing, no pets may be kept on the Project which, in the determination of the Board, result in an unreasonable annoyance to the other owners. No pets shall be allowed in the Common Area except as may be permitted by rules of the Board. No dog shall enter the Common Area except while on a leash which is held by a person capable of controlling the dog. Owners shall prevent their pets from soiling all portions of the Common Area where other persons customarily walk.

6. Garbage and Refuse Disposal: All rubbish, trash and garbage shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All trash enclosures or other equipment for the storage or disposal of such materials shall be kept in a clean and

sanitary condition. All equipment, woodpiles, or storage piles shall be kept screened and concealed from view of other units, streets and the Common Area.

7. Radio and Television Antennas: No alteration to or modification of the installed cable television system shall be permitted. No owner may be permitted to construct or use an external radio or television antenna without the prior written consent of the Board.

8. Right to Lease: The respective condominiums shall be used only as single family residences and shall not be rented by the owners thereof for transient or hotel purposes, which are defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupants of the unit are provided customary hotel service such as room service for food and beverage, maid service, furnishing laundry and linen, a bellboy service. Subject to the foregoing restrictions, the owners of the respective condominiums shall have the right to lease same provided that the lease is made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration, the Articles, Bylaws, and other rules and regulations of the Board.

9. No Construction: No building, fence, wall obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind shall be commenced, erected, painted or maintained upon any part of the Project, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by the Board or by an architectural control committee ("Committee") consisting of at least three, but not more than five, members

appointed by the Board. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations, and the like shall be submitted in writing to the Board or to the Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with a color scheme previously approved by the Board or the Committee, or to rebuild in accordance with plans and specifications previously approved by the Board or by the Committee.

No landscaping of patios or yards visible from the street or from the Common Area not involving the use of natural plants, grass, trees, or shrubs, and which does involve the use of synthetic materials, or of concrete, rock, or similar materials, shall be undertaken by any owner until plans and specifications showing the nature, kind, shape, and location of the materials shall have been submitted to and approved in writing by the Board or the Committee.

Whenever any plans and specifications are submitted in writing to the Board or Committee pursuant to the provisions of this paragraph, said plans and specifications will be deemed approved for the purposes of this section 9 if the Board or Committee fails to disapprove the plans and specifications within thirty (30) days after the date of submission to the Board or Committee.

10. Drapes: All window openings visible from the street or Common Area shall have facing the exterior either draperies, drape linings, or casements, and all such dra-

peries, drape linings, and casements shall be of a neutral color approved by the Board or Committee.

11. Clothes Lines: No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes.

12. Power Equipment and Car Maintenance: No power equipment, hobby shops, or car maintenance (other than emergency work) shall be permitted on the Project 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.

13. Liability of Owners for Damage to Common Area: The owner of each unit shall be liable to the Association for all damages to the Common Area or improvements thereon caused by such owner or any occupant of his unit or invitee, except for that portion of said damage, if any, fully covered by insurance, to the extent that such owner would be legally responsible under the laws of the State of California.

14. Parking: Parking spaces within the Project shall be assigned to owners by the Association. No one other than the owner to which a particular parking space has been assigned (except for persons authorized by such owner) shall use such parking space.

ARTICLE VIII

GENERAL PROVISIONS

1. Enforcement: The Association, 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 this Declaration, and in such action shall be entitled to recover reasonable attorneys' fees as are ordered by Court. Failure of the Association or any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

3. Term: The covenants and restrictions of this Declaration shall run with and bind the Project, and all parts thereof and shall inure to the benefit of and shall be enforceable by the Association or the owner of any condominium subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by the owners of a majority of the condominiums, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change this Declaration in whole or in part, or to terminate the same.

4. Amendments: This Declaration may be amended only by the written consent of not less than seventy-five percent

(75%) of the votes entitled to be cast by each class of the members. Any amendment must be recorded and shall become effective upon being recorded in the Office of the County Recorder of San Diego County.

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

6. Owner's Right and Obligation to Maintain and Repair: Except for those portions of the Project which the Association is required to maintain and repair, each unit owner shall, at his sole cost and expense, maintain and repair his unit. Each owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors,

windows and doors bounding his unit.

7. Entry for Repairs: Upon consent of the owner, which consent shall not be unreasonably withheld, the Association or its agents may enter any unit when necessary in connection with any maintenance, landscaping or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association. The Association or its agents may enter any unit without the consent of the owner in the case of an emergency threatening substantial damage to the Project.

8. Insurance: The Association shall obtain and continue in effect a master policy of insurance (covering real property and improvements, and personal property owned by the Association) and liability insurance, including fire insurance for full extended coverage, and vandalism, malicious mischief, and public liability insurance. If necessary, the Association shall obtain and maintain workmen's compensation coverage. Except where an amount is specifically stated, all of the foregoing shall be in form and amounts satisfactory to the Board, but without prejudice to the right of the owner of a condominium to obtain individual condominium insurance.

Premiums for the foregoing shall be a common expense to be included in the monthly assessments levied by the Association, and the portion of such payments necessary for the insurance premiums may be held in a separate account of the Association and used solely for the payment thereof as such premiums become due.

If any of the Project improvements are damaged by fire or other casualty, insurance proceeds payable to the Association shall be used to rebuild or repair such damage substantially in accordance with the original plans and specifications therefor, subject to the provisions of Article VIII, Paragraph 9 below. Custom-built items added by owners to their units shall be rebuilt or replaced at the expense of owners or their insurers. Any excess insurance proceeds shall be deposited to the general funds of the Association.

9. Destruction of Improvements:

a. In the event of partial or total destruction of any building in the Project, the Board of Directors shall promptly (i) ascertain the cost of reconstruction by obtaining fixed price bids from two (2) reputable contractors, including the obligation to obtain a performance bond, and (ii) determine the amount of insurance proceeds, if any, payable by contacting the appropriate representative of the insurer of the building. The decision as to whether reconstruction will take place will be made as follows:

(1) The Board of Directors shall meet and determine whether the insurance proceeds, if any, will cover eighty-five percent (85%) or more of the estimated cost of reconstruction or whether the portion of the estimated cost not covered by insurance is less than five thousand dollars (\$5,000.00). Such cost shall hereinafter be referred to as the "Acceptable Range of Reconstruction Cost." If the bids obtained under this section are within the Acceptable Range of Reconstruction Cost, the Board of Directors shall cause reconstruction to take place as promptly as practical and

shall levy a uniform reconstruction assessment against each owner at such time and in such amount as the Board of Directors shall determine is necessary to cover the costs of reconstruction in excess of insurance proceeds. The partially or totally destroyed building shall be reconstructed to substantially conform to the Condominium Plan referred to hereinabove. If the Board of Directors in good faith determines that any bid submitted under this section is not within the Acceptable Range of Reconstruction Cost, the Board of Directors shall proceed according to subparagraph b. of this paragraph.

(2) The foregoing determinations shall be made by the Board of Directors as soon as possible. However, if for any reason such determinations cannot be made within sixty (60) days of the date of destruction, it shall be deemed that it has been initially determined that the insurance proceeds do not satisfy the requirements of the Acceptable Range of Reconstruction Cost, and the Board of Directors shall immediately call a meeting of the owners pursuant to subparagraph b. of this paragraph.

(3) If the Board of directors determines that any condominium has become uninhabitable by reason of its total or partial destruction, regular assessments shall abate against the owner thereof until the Board of Directors determines that the reconstruction of the condominium has restored its habitability.

b. If the Board of Directors determines that the insurance proceeds do not satisfy the requirements of the Acceptable Range of Reconstruction Cost, the Board of Directors shall call a meeting of all owners in the Project by

mailing notice of such determination and of the meeting to each owner at his address as shown on the records of the Association. Such meeting shall be held not less than fourteen (14) days and not more than twenty-one (21) days after the Board of Directors makes the determination that the cost of reconstruction was not within the Acceptable Range of Reconstruction Cost. Any owner of a unit in a totally or partially destroyed building may dispute the finding of the Board of Directors that the cost of reconstruction was not within the Acceptable Range of Reconstruction Cost by submitting to the Board of Directors before the date set for the meeting of owners a bid from a reputable contractor, including the obligation to obtain a performance bond, the total of which bid is within the Acceptable Range of Reconstruction Cost. Such bid shall be accompanied by a statement by the owner or owners submitting the bid agreeing to pay the amount by which the actual construction costs exceed the estimate submitted. If a submitted bid is found by the Board of Directors to be reasonable, the Board of Directors shall cause reconstruction assessments equal to fifteen percent (15%) of such bid to be levied as set forth in subparagraph a. of this paragraph, and shall cause a special assessment to be levied against the owner or owners submitting the bid in an amount which shall equal the amount by which actual construction costs exceed the estimate submitted. The Board of Directors may reschedule any meeting called pursuant to this section in order to consider such a submitted bid. If the Board of Directors, in good faith, reasonably determines that any bid submitted under this section does not reasonably reflect the

anticipated reconstruction cost it shall proceed according to subparagraph c. of this paragraph.

c. If the determination of the Board of Directors that the cost of reconstruction was not within the Acceptable Range of Reconstruction Cost is not challenged by the submission of a bid in the manner set forth in subparagraph b. of this paragraph, or if such bid is rejected in the manner set forth in subparagraph b. of this paragraph, the meeting of the owners called by the Board of Directors shall take place as scheduled. The owners may, by a vote or written consent of not less than sixty-six and two-thirds percent (66-2/3%) of the voting power of each class of members of the Association determine to proceed with the reconstruction. If the owners so determine to reconstruct the partially or totally destroyed building, the Board of Directors shall levy a uniform reconstruction assessment against each owner in the Project at such time and in such amount as the Board shall determine is necessary to cover the costs of reconstruction in excess of insurance proceeds.

d. In the event that the owners determine at such meeting not to reconstruct, the insurance proceeds shall be allocated by the Board of Directors between the owners of units in the partially or totally destroyed building, after deducting from the insurance proceeds any costs of removal of damaged structures and cleaning of the area; provided that the balance then due on any valid encumbrance of record with respect to a condominium within the partially or totally destroyed building shall be first paid in order of priority before the distribution of any proceeds to an owner whose condominium is so encumbered. The Board of

Directors shall base its allocation upon the price of the first sale by Declarant of each condominium.

e. In the event that the Association or an owner or owners determines to reconstruct pursuant to this article, the Association of the owners, as appropriate, shall file a certificate of their decision to reconstruct with the County Recorder of the County of San Diego within one hundred eighty (180) days of the date of the meeting of the owners pursuant to subparagraph c. of this paragraph. If no certificate of reconstruction is filed with the County Recorder of the County of San Diego within said one hundred eighty (180) days, it shall be conclusively presumed that the Association and the owners have determined not to reconstruct the building.

f. The Board of Directors shall have full authority to negotiate in good faith with representatives of the insurer of the totally or partially destroyed building and to make settlement with the insurer for less than full insurance coverage on the damage to the building. Any settlement made by the Board of Directors in good faith shall be binding upon all owners. Insurance proceeds shall be paid into a trust account in a bank selected by the Board of Directors, and funds shall be disbursed from the trust account pursuant to the orders of the Board of Directors.

g. Installation of and repair of any damage to the interior of a condominium shall be made by and at the individual expense of the owner of that condominium and, in the event of a determination to reconstruct after partial or total destruction, shall be completed as promptly as practical and in a lawful and workmanlike manner.

h. In the event that reconstruction is to take

place pursuant to this paragraph, the Board of Directors shall have the power to file an amendment to the Condominium Plan referred to hereinabove.

i. In determining whether a reconstructed building is in substantial conformance with the Condominium Plan referred to hereinabove, the Board of Directors may take into consideration the availability and expense of the labor and materials in the original construction of the building. If such labor or material is not available or is prohibitively expensive at the time of reconstruction, the Board of Directors may permit the substitution of other labor or material as it deems proper.

10. Limitation of Restrictions on Declarant: Declarant is undertaking to establish residential dwellings and incidental improvements upon the Project. The completion of that work, and the sale, rental, and other disposal of units is essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and the Project 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 Project or any 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 or parts of the Project, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Project as a residential community

and marketing the condominiums; or

c. Prevent Declarant from conducting on any part of the Project its business of completing said work, and of establishing a plan of condominium ownership; or

d. Prevent Declarant from maintaining such sign or signs on any parts of the Project as may be necessary in the reasonable discretion of Declarant.

So long as Declarant, its successors and assigns, owns one or more of the condominiums established and described herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration.

11. Owners' Compliance: Each owner, tenant or occupant of a condominium shall comply with the provisions of this Declaration, the Articles, Bylaws, and decisions and resolutions of the Association or its duly authorized representative, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions, shall constitute the basis for an action to recover sums due for damages, or for injunctive relief.

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the Articles or Bylaws shall be deemed to be binding on all owners of condominiums, their successors and assigns.

12. Notices: Except as may otherwise be provided by specific provisions of the Declaration, Articles, or Bylaws, any notice permitted or required by the Declaration, Articles or Bylaws may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been

deposited in the United States mail, postage prepaid, certified or registered mail, addressed to each person at the current address given by such person to the secretary of the Association or addressed to the unit of such person if no address has been given to the secretary.

13. Conflicting Provisions: In the event there is any conflict between the provisions of the Articles or Bylaws and the provisions of this Declaration, the provisions of this Declaration shall control.

14. Reciprocal Easements: Subject to annexation of Parcel 2 and Parcel 3/Lot 10 (or either of said parcels) in accordance with Article II, Paragraph 4 above:

a. Declarant hereby reserves, for the benefit of and appurtenant to the condominiums hereinafter located upon Parcel 2 and (or) Parcel 3/Lot 10 and their respective owners, non-exclusive easements to use the Common Area in Parcel 1 and in the Project as expanded, 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 Parcel 2 and (or) Parcel 3/Lot 10 owned an undivided interest in the Common Area in Parcel 1 and in the Project as expanded; and

b. Declarant hereby grants, for the benefit of and appurtenant to the condominiums created upon Parcel 1, and their owners, the non-exclusive easements to use the Common Area in the Project as expanded, 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 the condominium in Parcel 1 owned an undivided interest in the Common Area of the Project as

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expanded.

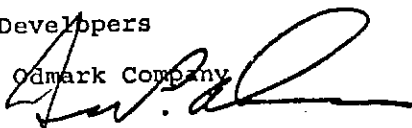
15. Amendment and Granting of Easements: Declarant shall have the absolute right and power, at any time, to enter into any written agreement with the City of San Diego, a municipal corporation, changing the location of any of the easements to the City of San Diego or other governmental or public agencies or utilities in connection with the development and/or improvement of the Project, or any portion or portions thereof. Each owner hereby appoints Developer as his attorney-in-fact for the purposes of effecting such amendment and also for the purposes of granting easements affecting the Project to other governmental or public agencies or utilities in connection with the development or improvement of the Project; the power herein granted Developer shall be and is a power coupled with an interest.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration this 25th day of March, 1977.

UNIVERSITY DEVELOPERS,
a partnership

BY: Welmark Developers

By: The Odmark Company

By: 
Ted P. Odmark, President

By: The J. W. Welch Company

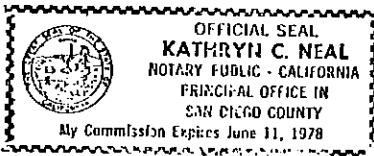
By: 
J.W. Welch, President

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

On March 25, 1977, before me the undersigned, a Notary Public in and for said State, personally appeared J. W. WELCH, known to me to be the President of J. W. Welch Company, a California corporation, who executed the within instrument on behalf of said corporation and acknowledged to me that said corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors, as a partner of Welmark Developers, a general partnership, one of the partners of University Developers, the general partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

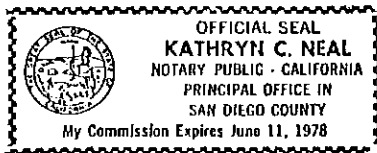


Kathryn C. Neal
NOTARY PUBLIC in and for said State and County

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss.

On March 25, 1977, before me the undersigned, a Notary Public in and for said State, personally appeared TED P. ODMARK, known to me to be the President of The Odmark Company, a California corporation, who executed the within instrument on behalf of said corporation and acknowledged to me that said corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors, as a partner of Welmark Developers, a general partnership, one of the partners of University Developers, the general partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.



Kathryn C. Neal
NOTARY PUBLIC in and for said State and County

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SUBORDINATION AGREEMENT

SAN DIEGO FEDERAL SAVINGS AND LOAN ASSOCIATION, a corporation as beneficiary of that certain Deed of Trust recorded March 14, 1977 as File No. 77-091453 of Official Records, in the Office of the County Recorder of San Diego County, State of California, hereby agrees that the lien and charge of said Deed of Trust is and shall be subordinate to the within Declaration of Covenants, Conditions and Restrictions.

DATED: March 25, 1977

SAN DIEGO FEDERAL SAVINGS & LOAN ASSOCIATION, a corporation

BY: [Signature]
A. C. WELLS, Vice President First Vice President

BY: [Signature]
Assistant Secretary



TO 1945 CA (8 74)
(Corporation)



STATE OF CALIFORNIA }
COUNTY OF San Diego } SS.

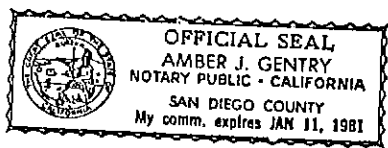
On March 25, 1977 before me, the undersigned, a Notary Public in and for said State, personally appeared Thomas F. Carter

known to me to be the First Vice President, and Mary L. Weaver known to me to be 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 by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature [Signature]



(This area for official notarial seal)

STAMP HERE