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WHEN RECORDED RETURN TO:**

McKENNA & FITTING  
Twenty-Eighth Floor  
3435 Wilshire Boulevard  
Los Angeles, California 90010

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*(Space Above for Recorder's Use)*

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
LAKE MISSION VIEJO ASSOCIATION**

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FOR  
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**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR  
LAKE MISSION VIEJO ASSOCIATION**

THIS DECLARATION ("Lake Declaration") is made this 16<sup>th</sup> day of November, 1976, by MISSION VIEJO COMPANY, a California corporation ("Grantor").

**WITNESSETH:**

WHEREAS, Grantor is the Owner of or the holder of an option to purchase real property in the County of Orange, State of California, described in Article I below as the Lake Lot, the First Subdivision, and the Annexable Area; and

WHEREAS, Grantor proposes to develop the First Subdivision and the Annexable Area for residential and other uses, in substantial compliance with that certain Eighth Revised Westerly Sector Planned Community Development Plan for the Mission Viejo Community, as it may be revised and extended from time to time ("Development Plan") which as adopted by the Orange County Board of Supervisors by Ordinance No. 2788 on October 2, 1974, and a copy of which was recorded in the Official Records of the Recorder of Orange County on November 11, 1974, in Book 11263, at Page 212; and

WHEREAS, there has been developed, pursuant to the provisions of the Development Plan or prior revisions thereof, a residential community on real property included in the area covered by the Development Plan and described in Article I below as the Developed Area, of which the various residential lots and condominiums have been conveyed to individual owners; and

WHEREAS, Grant is constructing a Lake on the Lake Lot to be known as "Lake Mission Viejo," together with ancillary facilities including a dam, beaches, bulkhead, recreation facilities, landscaping, parking lot, roadways, spillways and other improvements for the use and enjoyment of the residents of the First Subdivision, the Annexable Area and of those residents of the Developed Area who desire to subject their lots or condominiums to the provisions of this Lake Declaration in the manner described below; and

WHEREAS, Grantor desires to establish a general plan for the maintenance, care, use and management of the Lake Association Properties hereinafter described:

NOW THEREFORE, Grantor hereby declares that the Lake Lot, the First Subdivision and those portions of the Annexable Area hereafter declared to be subject to this

Lake Declaration in accordance with the provisions of Article I below and each and every lot, part or parcel thereof and condominium therein shall, from the date declared to be subject to this Lake Declaration in accordance with the provisions hereof, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions and terms hereinafter set forth (hereinafter sometimes collectively called these "Covenants") for the duration thereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement and perfection of the Lake Lot, the First Subdivision, and those portions of the Annexable Area and Developed Area which shall become subject hereto in accordance with the provisions hereof (hereinafter sometimes called the "Subject Property"). These Covenants are expressly intended to and shall run with the land, and shall until their expiration in accordance with Section I of Article XI hereof, bind, be a charge upon and inure to the benefit of: (i) all of the Subject Property and each lot, parcel, part or condominium thereof or therein, (ii) Grantor and its successors or assigns, (iii) the individual owners of lots or condominiums in the Developed Area who shall subject their lots or condominiums to these covenants and their respective heirs, successors, executors, administrators and assigns, (iv) all persons having or acquiring any right, title or interest in the Subject Property or any lot, part, parcel or condominium thereof or therein or any improvement thereon and their heirs, successors, executors, administrators and assigns; and these Covenants shall be for the mutual benefit of all such lots, parcels, parts and condominiums and the respective owners thereof and the Lake Mission Viejo Association hereinafter described. It is the intent of Grantor and of each owner of a lot or condominium of or in the Developed Area who shall subject his property to the terms hereof, that these Covenants shall be covenants running with the Subject Property and mutual and equitable servitudes upon and in favor of each lot, part, parcel or condominium of or in the Subject Property and the present and future owner or owners thereof and its, his, her or their heirs, successors, administrators or assigns, all as part of a common and general plan and scheme for the purpose of developing, improving, enhancing and perfecting the value, desirability and attractiveness of the Subject Property.

**ARTICLE I**  
**PROPERTY WHICH IS AND WHICH MAY BECOME**  
**SUBJECT TO THESE COVENANTS**

**Section 1.     Property Now Subject.**

The real property which Grantor hereby declares to be now subject to these covenants consists of the Lake Lot and one increment ("First Subdivision") and is situated in the County of Orange, State of California, and is more particularly described as follows:

(a)     The Lake Lot. Parcel 1 as shown on a map recorded on November 3, 1976, Book 87, at Pages 7-10 of Parcel Maps in the Office of the County Recorder of Orange County, California.

(b) The First Subdivision. Lots 1 to 52 of Tract 9073 as shown on a map recorded on April 16, 1976, in Book 373, at Pages 5 to 10, inclusive, of Miscellaneous Maps in the Office of the County Recorder of Orange County, California.

**Section 2. Property Which May Become Subject.**

The real property which may become subject to these Covenants in accordance with the provisions hereinafter set forth is located in the County of Orange, State of California and is further described below:

(a) The Annexable Area is unimproved land and is more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

(b) The Developed Area is a developed residential community and is more particularly described in Exhibit B attached hereto and incorporated herein by this reference.

**ARTICLE II  
DEFINITIONS**

Unless otherwise expressly provided herein, the following words and phrases when used in this Lake Declaration shall have the meanings hereinafter specified.

**ADDITIONAL DECLARATION.** Any Declaration of Covenants, Conditions and Restrictions, or similar document, which may in the future be imposed by Grantor or which may have been imposed upon any of the real property included in the area encompassed by the Development Plan. An Additional Declaration shall refer to either a Primary Declaration or a Supplemental Declaration or both.

**ANNEXABLE AREA.** The real property described in Exhibit A hereto, all or any portion of which may from time to time be made subject to this Lake Declaration by Grantor pursuant to the provisions of Article III, Section 1 hereof.

**ARTICLES.** The Articles of Incorporation of the Lake Association which have been or will be filed in the Office of the Secretary of State of the State of California, a copy of which is attached hereto as Exhibit C, as they may be amended from time to time.

**ASSESSMENT, GENERAL.** The portion of the annual costs of maintaining, improving, repairing, managing and operating the Lake Association Properties which are to be paid by each Owner to the Lake Association for purposes provided herein and charged to such Owner and to the Lot or Condominium of such Owner. The term "General Assessment" shall refer to both a Common Assessment and a Lakefront Assessment as hereinafter provided.

**ASSESSMENT, MAXIMUM.** The dollar amount which a General Assessment for any year may not exceed, as adjusted from time to time as provided herein.

**ASSESSMENT, REIMBURSEMENT.** A charge against a particular Owner, and his Lot or Condominium directly attributable to the Owner, equal to the cost incurred by the Lake Association for corrective action performed pursuant to the provisions hereof, together with late charges and interest as provided for herein.

**ASSESSMENT, SPECIAL.** A charge against each Owner and his Lot or Condominium representing a portion of the costs to the Lake Association for the purposes described in Section 3 of Article VIII hereof.

**BOARD OR BOARD OF DIRECTORS.** The Board of Directors of the Lake Association, elected in accordance with the Bylaws and these Covenants.

**BOARD RULES AND REGULATIONS.** The rules adopted by the Board pursuant to Article VI, Subsection 2(i).

**BYLAWS.** The Bylaws of the Lake Association which have been or will be adopted by the Board, a copy of which is attached hereto as Exhibit D, as they may be amended from time to time.

**CLOSE OF ESCROW.** The date on which a deed conveying a Lot or Condominium is Recorded.

**COMMERCIAL AREA.** All of the real property classified as commercial under the Development Plan and developed for commercial purposes. Any commercial area in the Subject Property shall be subject to these Covenants for purposes of Architectural Control as set forth in Article VII, Section 3; Lakefront Assessments as set forth in Article VIII, right of entry as set forth in Article VI, Subsection 2(b); and General Restrictions as set forth in Article X.

**COMMON AREA.** Any portion of the Subject Property designated as a common area for the primary benefit of the Owners of Lots within a portion of the Subject Property covered by any Additional Declaration governing, among other things, the use and ownership of such common area, or the Owners of Condominiums within a Condominium Project to be owned (a) in common by such Owners or (b) by an Owners' association in which all such Owners shall be entitled to membership.

**CONDOMINIUM.** A Condominium as defined in Section 783 of the California Civil Code, or any California statute in lieu thereof which may hereafter be enacted.

**CONDOMINIUM PROJECT.** A project as defined in Section 1350 of the California Civil Code, or any California statute in lieu thereof which may hereafter be enacted, including all property covered by any one Additional Declaration in the event the overall project is developed in phased increments.

**CONTROL AREA.** The geographical area including the Lake Lot and certain surrounding areas as described in Exhibit E, which when part of the Subject Property shall be

subject to certain special provisions as set forth in Article VII and Article X hereof Grantor shall have the right to add real property to or delete real property from the Control Area so long as Grantor is the sole owner of such real property to be added to or deleted from the Control Area by the Recordation of a written instrument effecting such addition or deletion, executed and acknowledged by Grantor, and containing a legal description of the real property to be added or deleted.

**COVENANTS.** All of the terms and provisions of this Lake Declaration as they may be amended from time to time.

**DEED OF TRUST.** A Mortgage as hereinafter defined.

**DELEGATE.** A person selected by the Members owning all the Lots or Condominiums in a Delegate District to represent all of the Members within such Delegate District to vote on their behalf, as further provided in these Covenants and in the Bylaws.

**DELEGATE DISTRICT.** A geographical area in the Subject Property in which all of the Members shall elect a single Delegate to represent their collective voting power. A Delegate District may be established in one of three ways, as follows: (a) Where a Sub-Association has been created in the Developed Area or shall be created in the Annexable Area, the portion of the Subject Property covered by the Additional Declaration providing for the creation of the Sub-Association shall be a Delegate District; (b) Delegate Districts for portions of the Developed Area not covered by any Additional Declaration providing for a Sub-Association are established as set forth in Exhibit F attached hereto; and (c) Delegate Districts for portions of the Annexable Area not covered by any Additional Declaration providing for a Sub-Association shall be established from time to time by Grantor upon recordation of an instrument creating such Delegate District; all as further provided herein.

**DEVELOPED AREA.** The real property described in Exhibit B hereto which has been developed as a residential community and in which the Residential Lots or Condominiums may be subject to this Lake Declaration by the Owners thereof pursuant to the provisions of Article III, Section 3 below.

**FAMILY.** One or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than five (5) persons not all so related, together with his or their domestic servants maintaining a common household.

**FIRST SUBDIVISION.** The real property described in Article I, Subsection 1(b), above which Grantor intends to develop as a residential subdivision.

**GRANTOR.** Mission Viejo Company, a California corporation, its successors, and any Person to which it shall have assigned any rights hereunder as hereinafter provided.

**IMPROVEMENT.** All structures and appurtenances thereto of every type and kind, including but not limited to buildings, outbuildings, swimming pools, patio covers, awnings, painting of any exterior surfaces of any visible structure, walkways, bicycle trails,

sprinkler pipes, garages, carports, roads, driveways, parking areas, piers, diving boards, docks, boathouses, rafts, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, and exterior air conditioning and water softener fixtures or equipment.

**LAKE.** Lake Mission Viejo including the lakebed and waters thereof and all facilities necessary to its maintenance and integrity used in connection therewith such as a dam, embankment, bulkhead, beaches, and recreation facilities.

**LAKE ASSOCIATION.** The Lake Mission Viejo Association, a California corporation, its successors and assigns.

**LAKE ASSOCIATION PROPERTIES.** All real and personal property now or hereafter owned in fee by the Lake Association or on which the Lake Association holds an easement for the use, care or maintenance thereof, for the common use and enjoyment of the Members as provided herein.

**LAKE DECLARATION.** This instrument as it may be amended from time to time.

**LAKEFRONT LOT.** Any lot, part or parcel of the Subject Property which is contiguous to any portion of the Lake Lot and any part of which lies within ten (10) feet of the waters of the Lake at an assumed water level of seven hundred one (701) feet above sea level.

**LAKE LOT.** The parcel of real property described in Article I above, together with all Improvements thereto, which contains the Lake and certain surrounding areas and which shall be conveyed by Grantor to the Lake Association in accordance with the provisions hereof.

**LAKE MANAGEMENT COMMITTEE.** The committee created pursuant to Article VII, hereof.

**LAKE MANAGEMENT COMMITTEE RULES.** The rules adopted by the Lake Management Committee pursuant to Article VII, Section 4 hereof.

**LOT.** Any Lot or parcel of land shown upon any Recorded subdivision map or Recorded parcel map of the Subject Property or the Developed Area, including without limitation any lot or parcel developed as a rental apartment containing one or more apartment buildings, with the exception of the Lake Association Properties and Common Areas as defined herein, the Slope Maintenance Areas as defined in any Primary Declaration and any Condominiums in a Condominium Project.

**MANAGER.** Shall mean any one or more persons, firms or corporations employed by the Lake Association, pursuant to and limited by Article VI, Subsection 2(e) or Article VII, Subsection 4(a)(vii), who is delegated any of the duties, powers or functions of the Lake Association pursuant to either or both of said provisions.

**MEMBER.** Every person or entity holding a membership in the Lake Association, pursuant to Article IV, Section 2 hereof.

**MORTGAGE.** Any mortgage or deed of trust or other conveyance of a Lot, Condominium or other portion of the Subject Property to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance. The term “Deed of Trust” or “Trust Deed” when used herein shall be synonymous with the term “Mortgage.”

**MORTGAGEE.** A mortgagee under a Mortgage or a beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee or beneficiary.

**NOTICE AND HEARING.** Written notice and a public hearing before the tribunal appointed by the Board, at which the Owner concerned shall have an opportunity to be heard in person or by counsel, in the manner further provided in the Bylaws.

**OWNER.** The Person or Persons or other legal entity or entities, including Grantor, holding fee simple interest of record to a Lot or Condominium, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation. The fee Owner of a Lot developed as rental apartments shall be an Owner for purposes of these Covenants.

**PERSON.** A natural individual, a corporation or any other entity with the legal right to hold title to real property.

**PRIMARY DECLARATION.** Any Declaration of Covenants, Conditions and Restrictions, or similar document, which may in the future be imposed by Grantor or which may have been imposed upon any of the real property included in the area encompassed by the Development Plan except any Supplemental Declaration and except this Lake Declaration.

**RECORD OR RECORDED.** With respect to any document, the proper recordation or filing of such document in the Official Records of the County Recorder of the County of Orange, State of California.

**RESIDENTIAL AREA.** All of the real property classified as residential in accordance with the Development Plan and developed or undergoing development with Improvements suitable for dwelling.

**RESIDENTIAL LOT.** A Lot located within a Residential Area and developed or undergoing development with Improvements suitable for residential use, together with the Improvements thereon.

**SUB-ASSOCIATION.** Any non-profit California corporation, or unincorporated association, or its successor-in-interest, organized and established or authorized pursuant to or in connection with an Additional Declaration and of which the membership is composed of Owners of Lots or Condominiums within a portion of the Subject Property or the Developed Area, with

the exception of any such corporation or association organized and established under any Primary Declaration for the purpose of maintaining Slope Maintenance Areas as defined in any such Primary Declaration.

**SUBDIVISION.** A parcel of real property which has been divided or separated into Lots, or a single Lot, as shown on a Recorded Subdivision Map or Recorded Parcel Map.

**SUBJECT PROPERTY.** All of the real property described hereinabove in Article I, Section 1; together with any real property with respect to which a Notice of Annexation as described in Article III, Section 1 or a Notice of Addition of Lot or Condominium as described in Article III, Section 2 shall have been Recorded, from and after the Recordation thereof.

**SUBSIDY AGREEMENT.** That certain agreement between the Lake Association and Grantor, a memorandum of which shall be Recorded concurrently herewith which provides that Grantor shall make up any deficits in the operating expenses of the Lake Association for the period specified therein and which provides for certain other rights and responsibilities of the Lake Association and Grantor.

**SUPPLEMENTAL DECLARATION.** Any Declaration of Covenants, Conditions and Restrictions and Reservation of Easements or similar document which may have been or which may be recorded on any portion of the Subject Property or the Developed Area, which declaration is in addition to any Primary Declaration covering the same real property.

### **ARTICLE III ANNEXATION, ADDITIONAL DECLARATIONS**

**Section 1. Annexable Area – Annexation By Grantor.**

(a) Grantor may, but shall in no way be required to, from time to time, add to the real property which is covered by these Covenants all or any portion of the real property described above as the Annexable Area by recording a Notice of Annexation with respect to the real property to be annexed (“Annexed Land”). If any proposed annexation under this Section 1 shall not be effected prior to the third anniversary of the original issuance of the most recently issued Public Report from the California Department of Real Estate for an increment in the Annexable Area, then such annexation shall further require the vote or written consent of Delegates representing two-thirds (2/3rds) of the voting power of the Lake Association; provided, however, that if a delay beyond such third anniversary is the result of causes beyond the reasonable control of Grantor, then a proposed annexation may be made by Grantor without such vote or written consent of Delegates as long as the California Department of Real Estate approves of such annexation. Upon the recordation of a Notice of Annexation in the form prescribed below, the Annexed Land shall become part of the Subject Property and these Covenants shall, from the date of Recordation of the Notice of Annexation, apply to the Annexed Land in the same manner as if such Annexed Land had originally been subject to these Covenants and had originally constituted a portion of the Subject Property; and thereafter the

rights, privileges, duties and liabilities of the parties to this Lake Declaration with respect to the Annexed Land shall be the same as with respect to the original Subject Property and the rights, obligations, privileges, duties and liabilities of the Owners, lessees and occupants of Lots or Condominiums on or in the Annexed Land shall be the same as though the Annexed Land had originally been subject to this Lake Declaration. No Notice of Annexation shall have the effect of substantially increasing the Assessments provided for herein or substantially overburdening the Lake Association Properties.

(b) For so long as provided the Federal Housing Administration (“FHA”) or the Veterans’ Administration (“VA”) is insuring or guaranteeing loans on any portion of the Subject Property, then a condition precedent to such annexation shall be that the annexation be in accordance with the Development Plan which shall theretofore have been approved by the FHA or VA.

(c) The Notice of Annexation, which may be included in any Additional Declaration, shall contain at least the following provisions:

(i) A reference to this Lake Declaration, which shall include the date of Recordation hereof and the book and page numbers where this Lake Declaration is Recorded.

(ii) A statement that these Covenants shall apply to the Annexed Land as set forth herein.

(iii) An exact description of the Annexed Land.

(d) Grantor may delete all or any portion of the Annexed Land from the coverage of these Covenants and rescind any Notice of Annexation, provided Grantor is the sole Owner of all of the real property described in the Notice of Annexation to be rescinded. Such deletion shall be effected by Grantor’s Recording a Notice of Deletion of Territory in the same manner as the Notice of Annexation to be rescinded was recorded.

(e) Grantor intends to develop the Annexable Area for residential and other uses in increments. Such residential development may include apartments, condominiums, and single-family residences which may or may not be organized as planned unit developments. As each increment in a Residential Area is developed within the Annexable Area, Grantor may file a Notice of Annexation and may also impose one or more Additional Declarations upon such increment in addition to this Lake Declaration. If Grantor elects to subject such increment to these Covenants, the provisions of any Additional Declaration shall not conflict with the provisions hereof but may impose such further conditions, covenants, restrictions, land uses and limitations as Grantor may deem advisable, taking into account the particular requirements of each increment. In the event of any conflict between any Additional Declaration and these Covenants, these Covenants shall control.

(f) An Additional Declaration may, but need not, provide for the establishment of a Sub-Association, to be composed of owners of Lots or Condominiums within

the real property subject to such Additional Declaration. The Additional Declaration creating a Sub-Association whereby Grantor shall be entitled to three (3) votes for each Lot or Condominium owned by Grantor and all other Owners shall be entitled to one (1) vote for each Lot or Condominium owned within that portion of the Subject Property subject to the Additional Declaration until such time as escrows have closed for the sale by Grantor of seventy-five percent (75%) of the Lots or Condominiums covered by such Additional Declaration.

**Section 2. Developed Area – Addition by Owners.**

(a) Every Owner of a Lot or Condominium in a Residential Area of the Developed Area; including a Lot developed as a multi-family project for apartment rental, shall have the option, in accordance with the terms set forth below, of becoming a Member of the Lake Association by subjecting his Lot or Condominium to these Covenants and adding his Lot or Condominium to the Subject Property in the manner described herein. The option of any Owner of a Lot or Condominium in the Developed Area to add his Lot or Condominium to the Subject Property may be exercised by delivering to the Board a “Notice of Addition of Lot or Condominium” in the form prescribed below within such period of time as the Board shall determine (the “Option Period”). The Board shall determine the Option Period at a duly constituted meeting within six (6) months after the Recordation of this Lake Declaration and the Board shall have the right to extend, but not to shorten, the Option Period initially established by the Board. After the expiration of the Option Period, such Owner shall except as provided in Subsection (b) below, have no further right or option to become a Member of the Lake Association with respect to the Lot or Condominium which he owned on the date of commencement of the Option Period; however, any new Owner who acquires any Lot or Condominium in the Developed Area which has not theretofore been made subject to these Covenants shall have the right and option, for one (1) year, or for such longer period as the Board may from time to time prescribe, following the date of Recordation of the instrument of conveyance by which such new Owner obtains title to such Lot or Condominium, on the terms and conditions described herein to become a Member of the Lake Association.

(b) The Board may, after the expiration of the Option Period, grant to Owners of Lots or Condominiums in the Developed Area which have not theretofore been made subject to these Covenants, the right and option to become Members of the Lake Association on such terms and conditions as the Board may from time to time prescribe.

(c) The addition of any Lot or Condominium to the Subject Property shall be effective upon satisfaction of the following conditions:

(i) The Notice of Addition of Lot or Condominium shall have been executed and delivered to the Board during the Option Period in a form prescribed by the Board which shall contain, at least, the following:

A. A reference to this Lake Declaration which shall include the date of Recordation hereof and the book and page numbers where this Lake Declaration is Recorded;

B. A statement that these Covenants shall apply to the Lot or Condominium described in the Notice; and

C. An exact legal description of the Lot or Condominium.

(ii) The Notice of Addition of Lot or Condominium shall have been duly executed by all persons having an ownership interest in the Lot or Condominium and shall include the consent of any persons whose consent to the Notice may be required by virtue of any recorded encumbrance, claim or lien against the Lot or Condominium. All signatures shall be acknowledged and the Notice shall be in recordable form.

(iii) The Notice of Addition of Lot or Condominium shall have been accepted as to form by the Board and shall have been Recorded by the Board.

(iv) All out-of-pocket costs and expenses incurred by the Lake Association in connection with the procedures to effectuate the addition of the Lot or Condominium shall have been paid by the Owner to the Lake Association prior to the Recordation of the Notice of Addition of Lot or Condominium.

(d) Upon the Recordation of a Notice of Addition of Lot or Condominium in the manner described above, the Lot or Condominium described in such Notice ("Added Lot") shall become part of the Subject Property and these Covenants shall, from the date of Recordation of the Notice of Addition of Lot or Condominium, apply to the Added Lot in the same manner as if such Added Lot had originally been subject to these Covenants and had originally constituted a portion of the Subject Property; and thereafter the rights, privileges, duties and liabilities of the parties to this Lake Declaration with respect to the Added Lot shall be the same as with respect to the original Subject Property and the rights, obligations, privileges, duties and liabilities of the Owners, lessees and occupants of the Added Lot shall be the same as though the Added Lot had originally been subject to these Covenants.

#### **ARTICLE IV LAKE MISSION VIEJO ASSOCIATION**

##### **Section 1. Organization of Lake Association.**

The Lake Mission Viejo Association ("Lake Association") is organized as a California corporation under the California Nonprofit Corporation Law. The Lake Association is charged with the duties and vested with the powers prescribed by law and set forth in the Articles, Bylaws, and these Covenants. Neither the Articles nor Bylaws shall be amended so as to be inconsistent with these Covenants. In the event that there should exist any ambiguity in any provision of the Articles or Bylaws, then such provision shall be construed, to the extent possible, so that such provision shall not be inconsistent with these Covenants.

**Section 2. Membership.**

Each Owner (including Grantor) of one or more Lots or Condominiums in a Residential Area in the Subject Property shall be a Member of the Lake Association subject to these Covenants, the Articles, the Bylaws, the Board Rules and Regulations and the Lake Management Committee Rules. Memberships in the Lake Association shall not be assignable, except to the successor-in-interest of the Owner, and all memberships in the Lake Association shall be appurtenant to the Lot or Condominium owned by such Owner. The memberships in the Lake Association shall not be transferred, pledged or alienated in any way except upon the transfer of title to said Lot or Condominium, and then only to the transferee of title to said Lot or Condominium. Any attempt to make a prohibited transfer of a membership shall be void and shall not be reflected on the books of the Lake Association. A Member shall have the right to assign his rights of use and enjoyment of the Lake Association Properties to a lessee or tenant of his Lot or Condominium in accordance with Article V, Section 5.

**Section 3. Voting.**

(a) The Subject Property shall be divided into Delegate Districts, as hereinafter described. Each Delegate District shall elect one (1) Delegate to the Lake Association to exercise the voting power of all of the Members in such Delegate District and the Chairman of any meeting at which a Delegate is elected shall certify in writing to the Board the name and address of the Delegate elected, the time and place of the meeting at which the election occurred and the Delegate District which the Delegate represents. A delegate may be removed without cause by the vote in person or by proxy at any duly constituted meeting of at least a majority of the Members in the Delegate District. Only Members of the Lake Association shall be eligible for election as Delegates. Upon termination of any Delegate's membership in the Lake Association, such Delegate's term of office shall immediately terminate and a new Delegate shall be elected in his place.

(b) Each Delegate will be entitled to case, with respect to single-family Residential Lots or Condominiums, one vote for each such Lot or Condominium subject to these Covenants and located in the Delegate District represented by such Delegate and with respect to multi-family Residential Lots developed as rental apartments, one vote for each three (3) apartment units included within any one such multi-family Residential Lot subject to these Covenants and located in his Delegate District. In the event that there is a fraction remaining after dividing the number of apartment units located in any one Lot subject to these Covenants by the integer three, then the Delegate shall cast one (1) entire vote for such fraction. The Delegate shall be entitled to cast the votes representing Lots or Condominiums in his Delegate District with respect to each such Lot or Condominium in his Delegate District with respect to each such Lot or Condominium may be entitled to cast votes for the election of a Delegate as provided hereinafter or in any Additional Declaration, whichever is applicable.

(c) Each Delegate shall cast the votes which he represents in such manner as he may, in his sole discretion, deem appropriate, acting on behalf of all the Members owning Lots or Condominiums in his Delegate District; provided, however, that in the event that at least a majority of the Members in any Delegate District shall determine at any duly

constituted meeting of the Members in such Delegate District to instruct their Delegate as to the manner in which he is to vote on any issue to be voted on by the Delegates, then the Delegate representing such Delegate District shall cast all of the voting power in such Delegate District in the same proportion, as nearly as possible without counting fractional votes, as the Members in such Delegate District shall have voted "for" and "against" such issue in person or by proxy. When a Delegate is voting in his own discretion, without instruction from the Members whom he represents as a unit and may not apportion some of such votes in favor of a given proposition and some of such votes in opposition to such proposition. It will be conclusively presumed for all purposes of Lake Association business that any Delegate casting votes on behalf of the Members owning Lots or Condominiums in his Delegate District will have acted with the authority and consent of all such Members. All agreements and determinations lawfully made by the Lake Association in accordance with the voting procedures established herein, and in the Bylaws, shall be deemed to be binding on all Members, Owners and their respective successors and assigns.

#### **Section 4. Delegate Districts and Selection of Delegates.**

(a) Sub-Associations in Annexable Area. In the event that a Sub-Association is created by the imposition of an Additional Declaration on any portion of the Annexable Area, then the real property covered by such Additional Declaration shall constitute a Delegate District. The election of a Delegate to the Lake association for such Delegate District shall be accomplished in the manner specified in the Additional Declaration; or if no such manner is specified, then the Delegate shall be elected in the manner provided in the Additional Declaration for the election of a member of the Board of Directors of the Sub-Association.

(b) Portions of Annexable Area Without a Sub-Association. In the event that there shall not be created a Sub-Association for any portion of Annexable Area, then the various Delegate Districts for such portions of the Annexable Area shall be established by Grantor from time to time by the Recordation of a written instrument signed by Grantor containing a legal description of the portion of the Annexable Area which shall constitute the Delegate District and a statement that such real property described therein shall be a Delegate District for purposes of these Covenants. The Delegate to represent any Delegate District established as set forth in this Sub-section (b) shall be elected by Members holding a majority of the voting power in such Delegate District in accordance with the voting procedures set forth below:

(i) Within any such Delegate District, there shall be two classes of voting memberships:

Class A. Initially, Class A Members shall be all Members with the exception of Grantor, and each Class A Member shall be entitled, with respect to a single-family Residential Lots, to one (1) vote for each such Lot which he owns within the Delegate District and, with respect to multiple-family Lots developed as rental apartments, one (1) vote for each three (3) apartment units included within each Lot in the Delegate District Owned by that Member. In the event that there is a fraction remaining after dividing the number of apartment units located on any one Lot in such Delegate District subject to these Covenants by the integer three, then the Owner of such Lot shall be entitled to cast one (1) entire vote for such fraction.

Grantor shall become a Class A Member, with regard to Lots owned by Grantor in any Delegate District for which there has not been created a Sub-Association, upon the conversion of Grantor's Class B Membership to Class A Membership with respect to that Delegate District as provided below.

Class B. Grantor shall be the sole Class B Member. The Class B Member shall be entitled to three (3) times the number of votes to which the Class B Member would have been entitled as a Class A Member in any Delegate District governed by this Subsection (b).

(ii) As to each such Delegate District, the Class B Membership shall cease as to that Delegate District and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

A. When the total votes outstanding in the Class A Membership for that Delegate District equal the total votes outstanding in the Class B Membership for that Delegate District, or

B. Two (2) years from the date of the original issuance of the most recent Public Report by the California Department of Real Estate for any portion of that Delegate District.

(iii) Those Members appearing, in the Official Records of the Orange County Recorder at 8:00 A.M. on the date of any meeting of the Members required or permitted to be held under this Subsection (b), as record Owners of Lots located in the Delegate District shall be entitled to attend any such meeting, either in person or by proxy. If there is more than one record Owner of any Lot, any and all of the Members owning such Lot may attend any meeting of the Members, but the vote attributable to the Lot so owned shall not be increased by reason thereof. The vote attributable to the Lot so owned shall not be increased by reason thereof. The vote attributable to such Lot, and to the Members owning such Lot, shall be cast only by the Member holding a majority interest in such Lot, or if there is not a Member owning a majority interest, then by the Member representing a majority interest in said Lot, provided that written notice of such representation, signed by Members holding a majority interest in such Lot, has been filed with the Board prior to such meeting. In the event that no such notice has been filed for any Lot without a majority Owner, then no vote with respect to such Lot shall be cast or counted. In all instances in which the Members owning a Lot are husband and wife, unless written notice to the contrary signed by either spouse is given to the Board prior to the meeting, then either one spouse attending in person or by proxy shall be entitled to cast the entire vote attributable to both spouses, but if both spouses attend in person or by proxy and attempt to vote separately, then no vote shall be counted for such Lot. In the event of any dispute as to entitlement of any Member to vote or the results thereof, the Board shall act as arbitrators and a decision of a disinterested majority of the Board shall, if rendered in writing, be final and binding as an arbitration award and shall be acted upon in accordance with the California Arbitration Act; provided however, that the Board shall have no jurisdiction to determine any matters relating to Grantor's entitlement to vote or the manner of Grantor's exercise thereof.

(iv) Every Member entitled to attend, vote at or exercise consents with respect to any meeting of the Members in a Delegate District may do so either in person, or by a representative, known as a proxy, duly authorized by an instrument in writing, filed with the Board of the Lake Association prior to the meeting to which it is applicable. Any designation of a representative to act for a Member may be revoked at any time by written notice to the Board or by attendance in person by said Member at the meeting for which such designation was given. Such powers of designation and revocation may be exercised by the guardian of any such Member's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of any such Member's estate, by his executor or administrator where the latter's interest in said property is subject to administration in his estate.

(v) The right to vote in any such Delegate district may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any Member may give a revocable proxy in the manner described above, or may assign his right to vote to a lessee or tenant actually occupying his Lot or Mortgagee of the Lot concerned, for the term of the lease or Mortgage, and any sale, transfer or conveyance of such Lot to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the New Owner, subject to any assignment of the right to vote to a lessee or Mortgagee as provided herein.

(vi) There shall be an annual meeting of the Members in any such Delegate District not less than ten (10) days nor more than sixty (60) days prior to every annual meeting of the Lake Association. The first meeting of the Members in such Delegate District, whether annual or special, shall be held no later than forty-five (45) days after escrow shall have closed for the sale of a majority of the Lots authorized for sale under the first Public Report issued by the California Department of Real Estate for such Delegate District, and in no event shall the first meeting be held later than six (6) months after the close of escrow for the sale of the first Lot in such Delegate District. At the first meeting of the Members and at each subsequent annual meeting, the Members shall elect a Delegate to represent them. Such Delegate shall continue to be a delegate for one (1) year or until his successor is elected, whichever is later, unless such Delegate is removed pursuant to Subsection 3(a) of Article IV above. Such meeting shall be held in the Delegate District or at such other convenient location on or near the Subject Property and within the County of Orange, California, as may be designated in the notice of the meeting. Written notice of the time, place and purpose of each annual meeting shall be sent to each Member within the Delegate District, no later than ten (10) days prior to the meeting (1) by Grantor, for so long as Grantor is a Class B Member; and, (2) after the Class B Membership is converted to a Class A Membership, by the acting chairman of the previous annual meeting, or, in such person's absence, by the acting secretary of the previous annual meeting, or, in both such person's absence, by the Members having one-quarter (1/4) of the total voting power within such Delegate District. A special meeting of the Members in such Delegate District may be called at any reasonable time and place by written notice by Grantor, for so long as Grantor is a Class B Member, by the Delegate representing Members in such Delegate District, or by the Members in the Delegate District having one-quarter (1/4) of the total votes within such Delegate District, or, so long as Grantor owns any Lot in such Delegate District, by Members in the Delegate District representing fifteen percent (15%) of the voting power residing in Members other than Grantor, and delivered to all other Members not less than

ten (10) days prior to the date fixed for such special meeting, specifying the date, time and place thereof and the nature of the business to be undertaken. The presence at any meeting, in person or by written proxy, of the Members entitled to vote at least twenty-five percent (25%) of the total votes within such Delegate District shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. The Members present at each meeting shall select a chairman to preside over the meeting and a secretary to transcribed minutes of the meeting. Any action authorized hereunder may be taken at any meeting of such Members owning Lots in a Delegate District for which a Sub-Association has not been created, upon the affirmative vote of the Members having a majority of the total voting power present at such meeting in person or by proxy.

(c) Developed Area.

(i) The Delegate Districts for Members owning Lots or Condominiums in the Developed Area shall be as set forth in Exhibit F attached hereto and incorporated herein by this reference.

(ii) In the event that a Sub-Association exists pursuant to an Additional Declaration covering any such Delegate District, then a Delegate shall be selected in the same manner as a member of the Board of Directors of such Sub-Association and all other votes to be made hereunder shall be in accordance with the voting procedures established for such Sub-Association.

(iii) In the event that no Sub-Association exists with respect to any Delegate District in the Developed Area, then the selection of a Delegate and all other votes to be made hereunder shall be in accordance with the voting procedures set forth above in Sub-Section 4(b) of Article IV except (A) there shall be only one class of Members, who shall have the voting rights of Class A Members as described above, and (B) notice of the first annual meeting of the Members shall be given by Grantor, thereafter notice of annual and special meetings shall be given in the manner specified above for the period after Grantor's Class B membership is converted to Class A membership.

(iv) The first annual meeting of the Members In Delegate Districts in the Developed Area shall be held no later than ten (10) days prior to the next annual meeting of the Lake Association to be held after the expiration of the Option Period.

(d) Suspension of Voting Rights. The Board shall have the authority to suspend the voting rights of any Member to vote in any meeting of the Members in any Delegate District, for any period during which the payment of any General, Special or Reimbursement Assessment against such Member and the real property owned by such Member remains delinquent, it being understood that any suspension for non-payment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay Assessments provided for herein.

**ARTICLE V**  
**PROPERTY RIGHTS IN LAKE ASSOCIATION PROPERTIES**

**Section 1. Title to Lake Association Properties.**

Grantor covenants for itself, its successors and assigns that is shall, prior to the Close of Escrow for the sale of the first Lot in the First Subdivision, convey to the Lake Association, at no cost thereto, by grant deed, the Lake Lot and Improvements thereon. All real property and Improvements owned by the Lake Association or in which the Lake Association has an easement for the use, care or maintenance thereof are sometimes hereinafter collectively called the "Lake Association Properties" and shall be used for recreational purposes for the common use and enjoyment of Members and for such other purposes as may be permitted in these Covenants. Upon such conveyance, the Lake Association shall immediately become responsible for all maintenance, operation and expenses associated with the Lake Association Properties. The Lake Lot and other real property which may be conveyed to the Lake Association by Grantor shall be conveyed subject to (i) the lien of property taxes and assessments not delinquent, (ii) all restrictive covenants of record at the time of the conveyance, including these Covenants, (iii) the Subsidy Agreement, (iv) certain rights and reservations of Grantor as set forth in Article IX which may also be included in instruments of conveyance from Grantor to the Lake Association, and (v) all other matters of record at the time of the conveyance except encumbrances securing loans made to Grantor.

**Section 2. Partition.**

There shall be no judicial partition of the Lake Association Properties or any part thereof, nor shall Grantor, any Owner or any person acquiring any interest in any Lot, Condominium or parcel included in the Subject Property seek any such judicial partition.

**Section 3. Members' Easements of Use and Enjoyment of Lake Association Properties.**

(a) Subject to the provisions set forth below, every Member of the Lake Association shall have, for himself and his Family, a non-exclusive easement of use and enjoyment of, in and to the Lake Association Properties and such easement shall be appurtenant to and shall pass with the title to every Residential Lot or Condominium included in the Subject Property.

(b) In instances where a Member owns a Residential Lot developed as a multi-family project for rental apartments, then the lessees or tenants of such Member occupying apartment units or such Lot shall derive from such Member the right to use the Lake Association Properties as described in subsection (a) above. Any Member owning a Lot developed as a multi-family project for rental apartments shall not, by virtue of such ownership, have the right to use the Lake Association Properties as described in Subsection (a) above unless such Member actually occupies an apartment unit on such Lot.

(c) In instances where a single-family Lot or Condominium is owned by, or an apartment rental unit is leased or rented by, two (2) or more persons who do not

constitute a Family as defined above (referred to in this subsection (c) as “joint owners”) or by a corporation, such joint owners or corporation shall annually appoint, in the case of joint owners, one (1) of their number, or in the case of a corporation, one (1) of its principal officers, as the “Primary Member.” Only such Primary Member shall have the right to use the Lake Association Properties as described in Subsection (a) above.

**Section 4. Extent of Members’ Easements.**

The rights and easements of use and enjoyment of the Lake Association Properties created by these Covenants shall be subject to the following:

(a) The right of the Lake Association, in accordance with the Articles and Bylaws, with the vote or written assent of Delegates representing at least two-thirds (2/3rds) of the voting power of the Lake Association (excluding therefrom the voting power of Grantor), to borrow money from any lender for the purpose of improving or maintaining the Lake Association Properties, and providing services authorized herein and in aid thereof to mortgage, pledge, deed in trust or hypothecate any or all of the Lake Association Properties as security for money borrowed or debts incurred, provided that the rights of such lender shall be subordinated to the use rights of the Members; and

(b) The right of the Lake Association to take such steps as are reasonably necessary to protect the Lake Association Properties against foreclosure; and

(c) The right of the Board to suspend the rights and easements of use and enjoyment of the Lake Association Properties of any Member, and for persons deriving such rights and easements from any Member, for any period during which the payment of any General, Special or Reimbursement Assessment against such Member and the real property owned by such Member remains delinquent, and, after Notice and Hearing as provided in the Bylaws, to suspend such rights and easements for the period set forth in the Bylaws for any violation of these Covenants or infraction of the Board Rules and Regulations or the Lake Management Committee Rules, it being understood that any suspension for either non-payment of any Assessment or a breach of the Lake Management Committee Rules shall not constitute a waiver or discharge of the Member’s obligation to pay Assessments provided for herein; and

(d) The right of the Lake Association to construct additional Improvements on the Lake Association Properties and to alter or remove any existing improvements on the Lake Association Properties for the benefit of the Members of the Lake Association.

(e) The right of the Lake Association to charge reasonable admission or other fees for any special or extraordinary uses of the Lake Association Properties or services provided by the Lake Association such as special parking privileges, wet or dry-boat storage, instruction, special recreation facilities, day-care or child-care services or similar uses beyond the ordinary use of the Lake Association Properties; and

(f) The right of the Lake Association by its Board to grant or convey easements, rights-of-way, parcels or strips of land in, on or over the Lake Association Properties for the purposes described in Subsection 2(c) of Article VI below; and

(g) The right of the Lake Association subject to the provisions of Article IX, Subsection 1(e) below, to give or sell all or any part of the Lake Association Properties to any public agency, authority, public service district, utility or private concern; provided that no such gift or sale shall be effective unless an instrument signed by Delegates entitled to cast at least two-thirds (2/3rds) of the voting power of the Lake Association agreeing to such alienation or transfer has been recorded; and

(h) The management rights of the Lake Management Committee as set forth in Article VII of this Lake Declaration, including the right to make and amend Lake Management Committee Rules; and

(i) The right of the Lake Management Committee to allow members of the general public, subject to reasonable limitations, to use Lake Association Properties; and

(j) The rights and reservations of Grantor as set forth in Article IX below, including without limitation, the right of Grantor to grant perpetual and exclusive easements to use portions of the Lake Association Properties as set forth in Article IX, Subsection 1(a).

**Section 5. Delegation of Use.**

Any Member or apartment lessee or tenant entitled to the right and easement of use and enjoyment of the Lake Association Properties may delegate, in accordance with the Bylaws, his right of use and enjoyment of the Lake Association Properties to his tenants, contract purchasers or subtenants who reside on his Lot or in his Condominium or apartment unit, subject to reasonable regulation by the Board.

**Section 6. Waiver of Use.**

No Member may exempt himself from personal liability for Assessments duly levied by the Lake Association, nor effect the release of his Lot or Condominium from the liens and charges thereof, by waiver of the use and enjoyment of the Lake Association Properties or by abandonment of his Lot or Condominium.

**Section 7. Damage by Member.**

Each member shall be liable to the Lake Association for any damage to Lake Association Properties not fully covered by insurance which may be sustained by reason of the negligence or willful misconduct of said Member, or the Persons deriving their right and easement of use and enjoyment of the Lake Association Properties from said Member, or his or their respective Family and guests, both minor and adult. Notwithstanding the foregoing, the Lake Association reserves the right, after Notice and Hearing as provided in the By-Laws, to

levy a Reimbursement Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by such Member or the persons as for whom such Member may be liable as described above. In the case of joint ownership of a Lot or Condominium, the liability of such Owners shall be joint and several, except to the extent that the Lake Association shall have previously contracted in writing with such joint Owners to the contrary. After Notice and Hearing as provided in the By-Laws, the cost of correcting such damage to the extent not covered by insurance shall be a Reimbursement Assessment against the Lot or Condominium, as the case may be, and may be enforced as provided herein for the enforcement of other Assessments.

**Section 8. Damage, Destruction and Required Improvements.**

In the case of damage by fire or other casualty to the Lake Association Properties, any insurance proceeds payable by reason thereof shall be paid to the Lake Association. In the event of such damage or in the event that any government authority shall require that any repair, replacement or Improvement be made to the Lake Association Properties by virtue of any law or regulation not in existence as of the date of Recordation of this Lake Declaration, the Lake Association shall, as soon as practicable and subject to the provisions set forth below in this Section 8, contract to repair, replace or improve all the Lake Association Properties so damaged or so required to be repaired, replaced or improved. If the insurance proceeds are insufficient to pay all the costs of repairing or rebuilding the damage, or if the Lake Association is required to make repairs, replacements or improvements by a governmental authority as described herein, the Lake Association shall notwithstanding any other provision hereof, levy a Special Assessment on all Owners equally in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement or Improvement. In the event the Lake Association is obligated to provide for the repair, replacement or improvement of any portion of the Lake Association Properties pursuant to this Section 8, the Board shall obtain firm bids (including an obligation to obtain a performance bond) from at least two (2) responsible contractors to repair or rebuild the damaged portion(s) substantially in accordance with the original plans and specifications therefor or with the applicable requirements of the governmental agency. In the event that the insurance proceeds available for the repair of the Lake Association Properties, or any portion thereof, are not required to perform the repair and reconstruction contemplated by this Section 8, then said proceeds, if any, shall be held by the Board and applied for the future maintenance, repair and operation of the Lake Association Properties.

**Section 9. Condemnation.**

If at any time all or any portion of the Lake Association Properties or any interest therein be taken for any public or quasi-public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the holder or holders of fee title to such area, and their Mortgagees, as their interests may appear. Any such award shall be deposited in the Operating Fund. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. The Lake Association shall have the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members.

**ARTICLE VI  
FUNCTIONS OF LAKE ASSOCIATION**

**Section 1. Duties of Lake Association.**

The Lake Association shall have the obligation, subject to and in accordance with these Covenants, to perform each of the following duties for the benefit of the Members:

- (a) Lake Association Properties. To accept and exercise jurisdiction over all real property and improvements conveyed to the Lake Association by Grantor in accordance with these Covenants.
- (b) Title to Property Upon Dissolution. To convey, upon dissolution of the Lake Association, the assets of the Lake Association to an appropriate public agency or agencies to be used for purposes similar to those for which the Lake Association was created, or to a nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.
- (c) Maintenance of Lake Association Properties. To maintain or provide for the maintenance of all Lake Association Properties in a safe and attractive condition for the use and enjoyment of the Members of the Lake Association in accordance with these Covenants.
- (d) Payment of Taxes. To pay all taxes and assessments levied upon the Lake Association or any of the Lake Association Properties, to the extent not assessed to or paid by the Owners or Members. Such taxes and assessments may be contested or compromised by the Lake Association; provided that real property taxes are paid or a bond insuring the payment is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes.
- (e) Insurance. To obtain and maintain in force policies of insurance as described below:
  - (i) The following types of insurance shall be provided:

- (A) Fire and extended coverage insurance, to the extent reasonably obtainable, on all Improvements, if any, under the control or ownership of the Lake Association, the amount of such insurance to be not less than one hundred percent (100%) of the aggregate full insurable value, meaning actual current replacement cost. Such insurance shall insure the Lake Association and Mortgagees, as their interests may appear. As to each such policy, which will not be voided or impaired thereby, the Lake Association hereby waives and releases all claims against the Board, the Lake Association Committee, the Delegates, any Manager, the Grantor and agents and employees of each of the foregoing with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

(B) Bodily injury liability insurance, with limits of not less than \$500,000 per person and \$5,000,000 per occurrence, and property damage liability insurance with a deductible of not more than \$5,000 and a limit of not less than \$5,000,000 per occurrence, insuring against liability for bodily injury, death and property damage arising from the activities of the Lake Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured.

(C) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

(D) Such other insurance, including indemnity and other bonds as the Board or the Lake Association Committee shall deem necessary or expedient to carry out the Lake Association functions as set forth in these Covenants, the Articles and the By-Laws.

(ii) The liability insurance referred to above shall name as separately protected insureds Grantor, the Lake Association, the Board, the Lake Association Committee, any Manager, and their representatives, members and employees, with respect to any liability arising out of the management, maintenance or use of any of the Lake Association Properties. Every policy of insurance obtained by the Lake Association shall contain an express waiver, if available, of any and all rights of subrogation against Grantor, the Board, the Lake Management Committee, any Manager and their representatives, members and employees.

(iii) Said fire and liability insurance policies may be blanket policies covering the Lake Association Properties and property of Grantor, in which case the Lake Association and Grantor shall each pay their proportionate shares of the premium. With respect to insurance proceeds from the Lake Association Properties only, the Lake Association shall be deemed trustee of the interests of all Members and Owners in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to receipt for their interests in such proceeds and to deal therewith. In the event that the proceeds of such insurance policies are inadequate to pay for the entire cost of repair, replacement or reconstruction of the Lake Association Properties, the Board shall levy a Special Assessment as provided in Article V, Section 8. Notwithstanding any other provisions herein, the Lake Association shall continuously maintain in effect such casualty, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit developments established by the Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"), so long as any of the foregoing agencies is a Mortgagee or Owner of a Lot within the Subject Property, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA and FHLMC, as applicable.

(f) Lake Management Committee. To appoint and remove members of the Lake Management Committee as provided in Article VII, Section 2 hereof.

(g) Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by these Covenants, as may be reasonably necessary to enforce any of the provisions of these Covenants, the Board Rules and Regulations and the Lake Management Committee Rules.

(h) Audit. To provide for an annual independent audit of the accounts of the Lake Association and for distribution of copies of such audit within thirty (30) days after completion thereof to each Delegate and for the posting of at least one copy thereof in a prominent location on the Lake Association Properties. In the event the Board shall not have been furnished the address of any Delegate, then such posting shall be deemed delivery to any such Delegate.

(i) Fishing. To stock the waters of the Lake with varieties of fish suitable for game fishing and to provide Members with reasonable opportunity to engage in fishing on Lake Association Properties.

(j) Other. To carry out the duties of the Lake Association set forth in these Covenants, the Articles and the By-Laws.

**Section 2. Power and Authority of the Lake Association.**

The Lake Association shall have all of the powers of a California non-profit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws or these Covenants. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Lake Association under and by virtue of these 'Covenants, the Articles, and the By-Laws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Lake Association. Without in any way limiting the generality of any of the foregoing provisions, the Lake Association shall have the power and authority, which may be exercised by the Board unless specifically delegated to the Lake Management Committee as set forth herein, at any time, to:

(a) Assessments. Levy assessment son the Owners of Lot sand Condominiums within the Subject Property and to enforce payment of such assessments in accordance with the provisions of Article VIII hereof.

(b) Right of Entry and Enforcement. Enter upon any real property included in the Control Area hereinabove defined, without liability to any Owner, for the purpose of enforcing any of the provisions of these Covenants, the Board Rules and Regulations or the Lake Management Committee Rules or for the purpose of maintaining and repairing any real property in the Control Area, and to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of these Covenants, the Lake Management Committee Rules or Board Rules and Regulations and to enforce, by mandatory injunctions or otherwise, all of the provisions of these Covenants.

(c) Conveyance of Easements. Grant and convey easements, rights-of-way, parcels or strips of land, in, on, over or under any Lake Association Properties for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder, (I) roads, streets, walks, driveways, parkways, and park areas; (ii) lines, cables, wires, conduits, or other devices for the transmission of electricity or for lighting, heating, power, telephone, television, communication and other purposes; (iii) sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and (iv) any similar public or quasi-public improvements or facilities.

(d) Subsidy Agreement. Enter into and comply with all of the terms and conditions of that certain Subsidy Agreement by and between the Association and Grantor.

(e) Manager. Retain and pay for the services of a Person or Persons, firm or firms (any of which is herein called a “Manager”) to undertake any of management or administrative functions for which the Board has responsibility hereunder to the extent deemed advisable by the Board and to engage such other personnel as the Board shall determine may be necessary or proper for the performance of such management or administrative functions; and to delegate any of its duties, powers, or functions to any Manager. (Any contract with any Manager or other personnel as described above shall not have a renewable term of more than one (1) year by mutual agreement of the parties and shall be terminable (I) for cause on no more than thirty (30) days’ written notice by the Board and (ii) without cause by payment of a reasonable termination fee on ninety (90) days’ written notice by the Board. The Members release the members of the Board and Lake Management Committee and the delegates from liability for any omission or improper exercise of any Manager of any such duty, power or function as delegated.)

(f) Legal and Accounting Services. Retain and pay for legal and accounting services necessary or proper for the operation of the Lake Association Properties, enforcement of these Covenants, or in performance of any of the other duties or rights of the Lake Association.

(g) Other Authority. Perform any of the acts or services that the Lake Management Committee has the exclusive authority to perform as set forth in Article VII, Section 4, below.

(h) Maintenance. Maintain and repair slopes, bicycle pathways, right-of-way, roadways, parking areas, greenbelts, sidewalks and decorative signs identifying the Lake Association Properties and other entry details or other areas of the Lake Association Properties not maintained by governmental entities to the extent deemed advisable by the Board.

(i) Rules and Regulations. Adopt such rules and regulations (“Board Rules and Regulations”) as the Board deems proper concerning those aspects of the Lake Association for which the Board has responsibility, and amend and repeal any such Board Rules and Regulations. Notice of adoption of any such Board Rules and Regulations and of any change, amendment or repeal thereof shall be given in writing to each Delegate and copies of such notice shall be kept at the principal office of the Lake Association and posted in a

prominent location on the Lake Association Properties. In the event the Board shall not have been furnished the address of any Delegate, then such posting shall be deemed delivery to any such Delegate. The Board Rules and Regulation, as they may be amended from time to time, shall have the same force and effect as if they were set forth in and were a part of these covenants. In the event of any conflict between the Board Rules and Regulations and these Covenants, these Covenants shall prevail.

(j) Other Services. Provide such other services as may be necessary or proper to carry out the Lake Association's obligations and business under the terms of these Covenants to enhance the enjoyment by the Members of the Lake Association Properties or to facilitate the use of the Lake and Lake Association Properties by all Members.

(k) Construction on Lake Association Properties. With the approval of the Lake Management Committee, construct new Improvements or additions to the Lake Association Properties or demolish existing Improvements; provided that any Special Assessment required in connection with any such construction shall be in accordance with the provisions of Article VIII, Subsection 3(b).

**Section 3. Agents.**

Any power or authority vested in the Board pursuant to these Covenants shall be exercisable by the Board directly or through its authorized agents.

**Section 4. Liability.**

Neither any member of the Board, any Delegate, any member of the Lake Management Committee, the Grantor, nor any Manager shall be personally liable to any Owner or Member, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Lake Association, the Board, any Delegate, the Lake Management Committee, Grantor, any Manager, or any other representatives or employees of the Lake Association, or the Lake Management Committee, provided that such Board member, Delegate, member of the Lake Management Committee, Grantor, or Manager has, upon the basis of such information as may be possessed by him, acted in good faith.

**ARTICLE VII  
LAKE MANAGEMENT COMMITTEE**

**Section 1. Members of the Committee.**

The Lake Management Committee, sometimes referred to in this Article VII as "Committee", shall consist of five (5) members. The following three (3) persons are hereby designated as the initial members of the Committee:

William K. Smith  
Gerard D. Ognibene  
Gerald Jendreas

Each of said persons shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. The Board shall appoint two (2) additional Committee members from the Members other than Grantor at the organization meeting of the Board following the first meeting of the Lake Association. Members of the Committee may be removed at any time without cause by the person appointing such member authorized under Section 2 of this Article VII to appoint members. The Board may at any time, and from time to time, after Grantor's rights of appointment as set forth below shall have terminated, change the authorized number of members of the Committee, but the number of Committee members shall always be an odd number and shall not be less than five (5). The address of the Committee shall be at the principal office of the Lake Association as designated by the Board pursuant to the By-Laws.

**Section 2. Rights of Appointment.**

(a) By Grantor. Grantor shall have the right to appoint a majority of the members of the Committee until the earliest to occur of the following:

(i) At such time as the Close of Escrow shall have occurred for the sale by Grantor of at least fifteen thousand (15,000) Lots or Condominiums in the real property constituting the Annexable Area as of the date of Recordation of this Lake Declaration. (For purposes of this Subsection (i) each apartment unit located in any Lot in the subject Property shall count as the sale of one (1) Lot upon the rental or lease of such apartment unit.); or

(ii) At such time as Grantor no longer has authority to annex real property in the Annexable Area to the Subject Property without the consent of the Delegate as provided in Article III, Section 1; or

(iii) December 31, 1996.

(b) By the Board. The Board shall have the right to appoint such members of the Committee which Grantor is not authorized to appoint until such time as Grantor's rights of appointment shall have expired, and thereafter the Board shall have the right to appoint and remove all members of the Committee. Committee members appointed by the Board shall serve for a term of one (1) year or until their respective successors are appointed.

(c) Notice of Appointment. Whenever a Committee member is appointee or removed while both Grantor and the Board have rights of appointment, written notice of such appointment or removal shall be given by the appointing party to the other party.

**Section 3. Architectural Control.**

(a) Review of Plans and Specifications. No Improvements including any exterior changes or alterations in any existing Improvement, shall be commenced, erected or maintained upon the Lake Association Properties or upon any real property lying within the Control Area hereinabove defined until the plans and specifications therefore showing the nature, kind, shape, height, color, materials and location of the same shall have been submitted to the Committee and approved in writing by the Committee. The jurisdiction of the Committee over construction in the Control Area shall be in addition to that of any Architectural Committee established under any Additional Declaration and any work of Improvement in the Control Area may require the approval of both any such Architectural Committee and the Committee. The Committee shall approve plans and specifications submitted for its approval unless it deems that the Improvement, change or alteration contemplated thereby in the locations indicated will detract from the beauty, wholesomeness and attractiveness of the Lake or the Lake Association Properties or the enjoyment thereof by the Members and others using the Lake, or will have an adverse effect on the health and safety of Members or others using the Lake or that the upkeep and maintenance thereof will become a burden on the Lake Association. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate, upon the agreement by the Person (referred to in this Section 3 as “applicant”) submitting the same to grant appropriate easements to the Lake Association for the cost of maintenance, or all three, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of such fee shall be uniform, or that it shall be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated, provided that in no event shall such fee exceed Fifty Dollars (\$50.00). The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plan submitted for approval. Decisions of the Committee and the reasons therefore shall be transmitted by the Committee to the applicant at the address set forth in the application for approval, within sixty (60) days after receipt by the Committee of all materials required by the Committee. Any application submitted pursuant to this Section 3 shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the applicant within sixty (60) days after the date of receipt by the Committee of all required materials.

(b) No Waiver of Future Approvals. The approval of the Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

(c) Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(i) The Committee or its duly authorized representative may at any time inspect any Improvement, for change or alteration thereof for which approval of plans are required under this Article VII; provided, however, that the Committee's right of inspection shall terminate sixty (60) days after such Improvement, or change or alteration thereof, shall have been completed and any Owner shall have given written notice to the Committee of such completion. If, as a result of such inspection, the Committee finds that such Improvement, or change or alteration thereof, was done without obtaining approval of the plans therefore or was not done in substantial compliance with the plans approved by the Committee, it shall notify the Owner in writing of failure to comply with this Article VII within thirty (30) days from the inspection, specifying the particulars of noncompliance. The Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.

(ii) If upon the expiration of thirty (30) days from the date of such notification, the Owner shall have failed to remedy such noncompliance, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, as provided in the By-Laws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may record a Notice of Noncompliance against the real property in which the noncompliance exists, remove the noncomplying Improvement, or remedy the noncompliance; and the Owner shall reimburse the Lake Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Lake Association, the Board shall levy a Reimbursement Assessment against such Owner for reimbursement pursuant to Article VIII, Section 4 hereof. The right of the Lake Association set forth in this Subsection 3(c) to remove any Improvement or remedy the noncompliance shall be in addition to all other rights and remedies which the Lake Association may have at law, in equity or in these Covenants.

(iii) If for any reason other than the Owner's act or neglect, the Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of a written notice of completion from the Owner, provided that the Improvement was completed as of the date of such notice of completion, the Improvement shall be deemed to be in compliance with this Article VII.

(d) Non-Liability of Committee Members. Neither Grantor, the committee, any member of the Committee, the Board nor any member of the Board shall be liable to the Lake Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties under this Section 3, unless due to the willful misconduct or bad faith of the Committee. The Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of the considerations set forth in Subsection 3(a) of this Article VII, and the Committee shall not be responsible for reviewing, nor shall its approval of any plan or

design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building codes or other governmental regulations.

**Section 4. Management of Lake.**

(a) Powers of the Committee. The Committee shall have, in addition to any further specific authority delegated to the Committee by the Board, the exclusive power and authority to:

(i) Lake Management Committee Rules. Adopt such rules and regulations as it deems proper for the use and enjoyment of, and the efficient and orderly conduct of activities on the Lake and the Lake Association Properties (“Lake Management Committee Rules”) and amend and repeal any such Lake Management Committee Rules, but such Lake Management Committee Rules shall not unreasonably discriminate among Members. Notice of adoption of any such Lake Management committee Rules and of any change, amendment or repeal thereof, shall be given in writing to each Delegate and copies of such notice shall be kept at the principal office of the Lake Association and posted in a prominent location on the Lake Association Properties. In the event that the Board shall not have been furnished with the address of any Delegate, then such posting shall be deemed delivery to any such Delegate. The Lake Management Committee Rules, as they may be amended from time to time, shall have the same force and effect as if they were set forth in and were a part of these Covenants. In the event of any conflict between such Lake Management Committee Rules and these Covenants, these Covenants shall prevail.

(ii) Request for Enforcement. Request for the Board to enforce the Lake Management Committee Rules under the power of the Board set forth in Subsection 2(b) of Article VI.

(iii) Budget. Prepare and submit to the Board, no later than ninety (90) days prior to the beginning of each calendar year, a Budget in accordance with the provisions set forth in Article VIII, Section 2 of these Covenants.

(iv) Dues and Fees. Impose dues and fees (other than Assessments as provided for herein) for use of the Lake and the Lake Association Properties, or increase or decrease the amount of such dues and fees (provided, however, that once any such due or fee is imposed, any increase or decrease thereof proposed by the Committee shall require the prior written approval of the Board).

(v) Water Quality. Set, maintain and enforce standards for the control of the quality of the waters of the Lake and any other waterways comprising part of the Lake Association Properties, including without limitation, the authority to utilize chemicals and to control surface debris and mechanical circulation, if any, to maintain the quality of such waters.

(vi) Use of Lake. Regulate, restrict and prohibit the use of the Lake and other Lake Association Properties, or any portion thereof, at any time and from time to

time, as reasonably necessary in order to protect the health and safety of Members, to preserve the wholesomeness and attractiveness of the Lake and other Lake Association Properties, to protect or enhance the structural integrity of the Lake, to promote optimum enjoyment of the Lake and other Lake Association Properties, to undertake any maintenance, or to conduct tests of water quality, structural soundness and the like.

(vii) Manager. Retain and pay for the services of a person or persons or firm or firms (any one of which is hereinafter called the "Manager") to undertake any functions for which the Committee has responsibility hereunder to the extent deemed advisable by the Committee and to engage such other personnel as the Committee shall determine may be necessary or proper for the performance of such functions; and to delegate any of its duties, powers or functions to any Manager. (Any contract with any Manager or other personnel as described above shall not have a renewable term of more than one (1) year by mutual agreement of the parties and shall be terminable (i) for cause on no more than thirty (30) days' written notice by the Committee and (ii) without cause by payment of a reasonable termination fee on ninety (90) days' written notice by the Committee. The Members release the members of the Board and the Committee and the Delegates from liability for any omission or improper exercise by any Manager of any such duty, power or function as delegated.)

(viii) General Public. Permit members of the general public at times and from time to time reasonable access to the Lake and the Lake Association Properties with or without the payment of a fee, without unreasonably interfering with the rights of the Members to use the Lake Association Properties, and prohibit or restrict use of the Lake and Lake Association Properties by members of the general public.

(ix) Maintenance. Maintain, repair and replace the Improvements comprising the Lake Association Properties including, without limitation, maintenance and repair of the dam, bulkhead or other structural elements, maintenance of the shoreline and erosion abatement measures.

(x) Structures. Erect and maintain structures, fencing and signs on and about the Lake Association Properties.

(xi) Special Events. Restrict or prohibit use of all or any part of the Lake or other Lake Association Properties for reasonable periods of time for the purpose of staging special events for the enjoyment of Members such as a boating regatta, fireworks display, swimming or sailing competitions and the like.

(xii) Stocking. Stock the Lake with fish and other marine life and wildlife.

(xiii) Docks. Regulate the construction, placement, design and use of floating and stationary docks, piers, wharves and other structures extending into the waters of the Lake.

(xiv) Concessions. Enter into, on behalf of the Lake Association, on reasonable terms and conditions, leasing, licensing and concession agreements with third parties for the operation on Lake Association Properties of businesses which, in the Committee's opinion, provide useful services to Members such as boat rental, restaurants, boat storage and maintenance, swimming or diving instructions, rental of fishing gear and other equipment and other such services, provided, however, that any such agreement to be effective shall require the prior written approval of the Board.

(xv) Services. Enter into contracts on behalf of the Lake Association for the furnishing of utilities and other services to the Lake Association Properties including without limitation water, gas, petroleum products, electricity, power and telephone, for performance of services on and with respect to the Lake Association Properties, including without limitation, landscaping, maintenance, clean-up, lifeguard services, management services, and communication services informing Members of Lake Association activities.

(xvi) Drainage and Filling. Drain and fill the Lake at any time and from time to time as the Committee deems necessary or appropriate for health and maintenance reasons or by reason of emergency or the requirements of law or any governmental agency.

(xvii) Water Level. Maintain the water level of the Lake to the elevation that the Committee deems appropriate, provides that the water level of the Lake shall not be raised to an elevation over seven hundred one (701) feet above sea level or lowered to an elevation below six hundred ninety-nine (699) feet above sea level, except as a result of shortage of water or force majeure.

(xviii) Insects. Control pests and insects on the Lake Association Properties and the Control Area through the use of pesticides and otherwise.

(xix) Licenses. Control the issuance of fishing, boating and other licenses for the use of the Lake Association Properties, if any, to Members and members of the general public.

(xx) Governmental Permits. Apply for, obtain and renew on behalf of the Lake Association all necessary and appropriate permits and licenses from governmental and regulatory agencies.

(xxi) Alteration of Use. Alter the use of any portion of the Lake Association Properties, temporarily or permanently; provided, however, that if such alternation has a substantial impact upon reuse of any facility which is part of the Lake Association Properties and such alteration will extend for a period longer than 30 days, the approval of the Board shall first be obtained for such alteration.

(xxii) Nuisances. Restrict noise and other nuisances resulting from use of the Lake Association Properties or activities therein or thereon.

(xxiii) Depredation. Control wildlife and marine life in the vicinity of the Lake Association Properties through the taking or depredation thereof in such manners as may be permitted by law.

(xxiv) Security. Provide security for the Lake Association Properties including without limitation employment of security guards, maintenance of fences, electronic and other security devices and control centers for the protection of the Lake Association Properties.

(xxv) Programs. Provide necessary or appropriate services, facilities, programs and activities for users of the Lake Association Properties, including day-care and child-care services and recreation, sport, craft and cultural programs of interest to Members.

(xxvi) Use of Lake Water. Drain water from the Lake and utilize it for the purpose of cultivation, construction, irrigation and fire prevention, provided that, in the event that property benefited by the use of such water is not owned or leased by the Lake Association, the Committee shall charge the owner of the property so benefited the fair market value of the Lake water so furnished.

(xxvii) Protection and Safety. Maintain water search and rescue boats, lifeguard facilities, work boats and other facilities for the protection and safety of those using the Lake.

(b) Agents. Any power or authority vested in the Committee pursuant to these Covenants shall be exercisable by the Committee directly or through its authorized agents.

#### **Section 5. Compensation of Members.**

The members of the Committee shall receive no compensation for services rendered, other than reimbursement for out-of-pocket expenses incurred by them in the performance of their duties hereunder.

#### **Section 6. Meetings of the Committee.**

(a) Organization Meeting. The first regular (“organization”) meeting of the Committee to whom any new member is appointed shall be held within ten (10) days of such appointment, at such time and place as shall be fixed by the Person appointing the new member, for the purpose of organization and the transaction of other business. The Person appointing and new member shall give notice, as provided below, of the time and place of the organization meeting to each member of the Committee. The meeting shall be open to members to the extent of the permissible capacity of the meeting room.

(b) Regular Meetings. Regular meetings of the Committee shall be open to members to the extent of the permissible capacity of the meeting room and shall be held

at such time and place as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Committee; provided, however, that such meetings shall be held no less frequently than quarterly, Notice, as provided below, of regular meetings shall be given to each member of the Committee by the Person designated by the Committee from time to time to give such notice.

(c) Special Meetings. Special meetings of the Committee may be called by the Board, the President of the Lake Association (or, if he is absent or refuses to act, by the Vice President of the Lake Association) or by any two (2) members of the Committee by giving notice as provided below of such call, and shall be open to members to the extent of the permissible capacity of the meeting room.

(d) Notice. At least seventy-two(72) hours' notice of each meeting of the committee shall be given to each member of the Committee, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting and such notice shall be posted at a prominent place or places within the Lake Association Properties. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Lake Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any member of the Committee has been absent from any meeting of the Committee, 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 meeting was given to such member of the Committee, as required by Law and as provided herein.

(e) Waiver of Notice. Before or at any meeting of the Committee, any member of the Committee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a member of the Committee at any meeting of the Committee shall be a waiver of notice by him of the time and place thereof. If all the members of the Committee are present at a meeting of the Committee, no notice shall be required and any business may be transacted at such meeting. The transactions of any meeting of the committee, however called and noticed or wherever held, shall be as valid as though had 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 members of the Committee not present signs such a written waiver of notice, a consent to holding such meeting, or an approval of the Minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Committee or made a part of the Minutes of the meeting.

(f) Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Committee, a majority of the members of the Committee shall constitute a quorum for the transaction of business, and the acts of the majority of the members of the Committee present at a meeting at which a quorum is present shall be the acts of the Committee. If at any meeting of the Committee, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. Notwithstanding any other provisions of this Lake

Declaration, from and after December 31, 1986 (“turnover date”), the acts of the Committee must include the vote or written consent of at least one member of the Committee who has not been appointed by Grantor; provided, however, that the turnover date may be extended, for such period of time that delays in development of the Annexable Area, as a result of the causes beyond the reasonable control of Grantor, have occurred between the turnover date and the date on which this Lake Declaration is originally Recorded; provided, however, that any such extension of the turnover date shall not extend beyond December 31, 1987, without the approval of the Delegates representing a majority of the voting power of the Lake Association.

**ARTICLE VIII  
LAKE MAINTENANCE FUNDS AND ASSESSMENTS**

**Section 1. Lake Maintenance Funds.**

(a) Establishment. The Board shall establish at least two (2) separate accounts (“Lake Maintenance Funds”) into which shall be deposited all monies paid to the Lake Association and from which disbursements shall be made, as provided herein, in the performance of the functions of the Lake Association under these Covenants. Each of the Lake Maintenance Funds shall be established as one or more separate, irrevocable trust savings or trust checking accounts at any financial institution in which deposits are insured by an agency of the federal government. The Maintenance Funds shall include (i) an Operating Fund and (ii) a Reserve Fund. The Board shall not commingle any amounts deposited in any one of the Lake Maintenance Funds with amounts deposited in any other Lake Maintenance Fund.

(b) Purposes. All amounts deposited in the Lake Maintenance Funds shall be used solely for the common benefit of all of the Members for purposes authorized by these Covenants.

(i) Disbursements from the Reserve Fund shall be made solely for the purpose of repairs, replacements, painting and other restorative work to the Improvements on the Lake Association Properties.

(ii) Disbursements from the Operating Fund shall be made for such purposes as are necessary or proper under these Covenants except those for which disbursements for the Reserve Fund are to be used.

(c) Authority to Make Disbursements. The Budget prepared by the Lake Maintenance Committee pursuant to this Article VIII, Section 2 shall specify the amount which may be required for the performance of the functions of Lake Management Committee. The Lake Management Committee shall have authority to make, or to authorize an agent to make, disbursements from the Lake Maintenance Funds up to the amount so specified in the Budget. The Board shall have the authority to make, or to authorize an agent to make, disbursements of all other monies in the Lake Maintenance Funds.

(d) Limitation. Nothing in these Covenants shall be construed so as to permit the Lake Association to use any Assessments to abate any annoyance or nuisance emanating from outside the physical boundaries of the Lake Association Properties. Nothing herein shall limit, preclude or impair the establishment of other funds by any Sub-Association pursuant to any Additional Declaration, or the establishment of Additional Lake Maintenance Funds by the Lake Association for specified purposes authorized by these Covenants.

**Section 2. Budget.**

(a) Preparation of Budget. The Lake Management Committee shall, at least ninety (90) days prior to the beginning of each calendar year, prepare a written, itemized estimate ("Budget") of the expenses to be incurred by the Lake Association during such year in performing its functions under these Covenants (including a reasonable provision for contingencies and deposits into the Reserve Fund, less any expected income and any surplus from the prior year's respective Maintenance Fund). The Budget for each calendar year, any part of which extends beyond the term of the Subsidy Agreement, shall be subject to the approval of the Board as set forth below. Budgets for calendar years all of which fall during the term of the Subsidy Agreement shall not be subject to Board approval.

(b) Board Approval. The Board shall approve or disapprove of those Budgets subject to Board approval in the following manner:

(i) The Lake Management Committee shall submit the proposed budget subject to the Board no later than the ninety (90) days prior to each calendar year.

(ii) Within ten (10) days thereafter, the Board shall meet to consider the proposed Budget.

(iii) The Board shall have the authority to disapprove any Budget which includes estimated expenditures greater than one hundred ten percent (110%) of the estimated expenditures included in the prior year's Budget.

(iv) The Board shall transmit in writing its approval or disapproval of the Budget to the Committee no later than twenty (20) days after it shall have received the Budget from the Lake Management Committee. If the board disapproves the Budget, it shall specify the maximum amount of the Budget acceptable to the Board, but such amount shall not be less than one hundred ten percent (110%) of the prior year's Budget.

(v) Within ten (10) days of receipt of the Board's disapproval of any Budget, the Lake Management Committee shall meet, revise the Budget so as to meet the specifications of the Board, and submit the revised Budget to the Board.

(c) Distribution of Budget. At least sixty (60) days prior to the beginning of each calendar year, the Board shall cause a copy of the Budget to be distributed to each Delegate and at least one additional copy to be posted in a prominent location on the Lake Association Properties. In the event that the Board shall not have been furnished the address of any Delegate, then such posting shall be deemed delivery to any such Delegate.

(d) General Assessments.

(i) Sums sufficient to pay the estimated net expenses for any calendar year set forth in the Budget shall be assessed as an aggregate of General Assessments for such calendar year to the Members and Owners of Lots or Condominiums in the Subject Property in the manner set forth below in this Subsection 2(d). Each annual General Assessment

shall constitute an aggregate of separate assessments for each of the Lake Maintenance Funds, reflecting an itemization of the amounts assessed and attribute to prospective deposits in the Reserve Fund, the Operating fund and any other Lake Maintenance Funds established by the Lake Association.

(ii) General Assessments shall be of two types, Common Assessments and Lakefront Assessment. The total amount of Common Assessments and Lakefront Assessments to be collected in any calendar year shall, except as provided below, approximately equal the estimated net expenses for such calendar year as set forth in the Budget. Common Assessments and Lakefront Assessments shall be apportioned among Owners and Members as set forth below.

(iii) Common Assessments shall be assessed to the Members of the Lake Association on the basis of the number of Assessment Units chargeable to each Member. A Member shall be charged with one (1) Assessment Unit for each single-family Lot or condominium owned by him and a Member owning a Lot developed as a multi-family project for rental apartments shall be charged with one (1) Assessment Unit for every three (3) apartment units included in such multi-family Lot. In the event that there is a fraction remaining after dividing the number of apartment units included within any Lot subject to assessment by the integer three, then the Member owning such Lot shall be charged with one (1) entire Assessment Unit for such fraction.

(iv) Lakefront Assessments shall be assessed to all Owners of real property defined herein as a Lakefront Lot, regardless of the classification of such Lakefront Lot property as residential, commercial or otherwise, on the basis of the ratio that the footage of such Owner's real property bordering the Lake Lot (the "front footage") bears to the total front footage bordering the Lake Lot of all such Owners of Lakefront Lots in the Subject Property. In the event that a Lakefront Lot is a Common Area, then the Lakefront Assessment attributable to such Common Area shall be apportioned among the Owners owning such Common Area in common or among the members of a Sub-Association owning such common Area in such manner as the Additional Declaration governing such Common Area shall specify. Owners of Lakefront Lots which are Residential Lots shall be obligated to pay both the Common Assessment and the Lakefront Assessment with respect to each such Lakefront Lot. Owners of Lakefront Lots which are not Residential Lots shall pay only the Lakefront Assessment with respect to such Lakefront Lot and such Owner shall not derive any right or easement of use or enjoyment of the Lake Association Properties by virtue of the obligation to pay the Lakefront Assessment.

(v) For the first calendar year in which General Assessments are levied, Lakefront Assessments shall be levied on the basis of \$1.80 per front foot per yard. Sums sufficient to pay the estimated net expenses of the Lake Association as set forth in the Budget for such calendar year less the amount to be collected from Lakefront Assessments shall, subject to the Maximum Assessment set forth below, be assessed to Members as Common Assessments on the basis set forth in Paragraph (iii) of this Subsection 2(d) above.

(vi) For each subsequent calendar year, Common Assessments and Lakefront Assessments shall be determined in accordance with the following procedure. The rate of Common Assessments and Lakefront Assessments for the prior calendar year (on an annualized basis) shall be multiplied by the number of Assessment Units and front feet, respectively, subject to assessment as of the date sixty days prior to such calendar year to determine the amount collectible based on the rate of the prior year's General Assessments ("Base Amount"). There shall then be calculated the percentage by which the estimated net expenditures of the Association as set forth in the Budget for such calendar year is greater or less than the Base Amount. Common Assessments per Assessment Unit and Lakefront Assessments per front foot for such calendar year shall be at the rate of the Common Assessments and Lakefront Assessments, respectively, for the prior year as increased or decreased by the percentage determined as set forth above; subject, however to the following:

(A) Common Assessments shall not be levied at a rate higher than the rate permitted as the Maximum Assessment set forth below, and in the event that Common Assessments are limited by the Maximum Assessment for any calendar year, the percentage increase in the rate of Lakefront Assessments for such calendar year over the rate of Lakefront Assessments for the prior year shall be the same as the percentage increase in the rate of Common Assessments actually levied for such calendar year over the rate of Common Assessments for the prior year.

(B) Lakefront Assessments shall not, in any event, be levied at a rate of less than \$1.80 per front foot per year in any year in which General Assessments are levied.

(e) Maximum Assessment. The Lake Association shall not in any year levy a General Assessment in excess of the Maximum Assessment, as set forth in the schedule in Paragraph (I) of this Subsection 2(e) below, and as such Maximum Assessment may be annually increased pursuant to the provisions of Paragraph (ii) of this Subsection 2(e) below. If, however, the Board, by majority vote, determines that the important and essential functions of the Lake Association may be properly funded by a General Assessment less than the Maximum Assessment, it may levy such lesser General Assessment, provided, however, so long as the Subsidy Agreement is in effect, the Lake Association may not reduce General Assessments below the Maximum Assessment without the written consent of Grantor. The levy of a General Assessment less than the Maximum Assessment in one (1) year shall not affect the Board's right to levy a General Assessment in the amount of the Maximum Assessment in subsequent years. If the Board of Directors shall levy a General Assessment in an amount of less than the Maximum Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Lake Association cannot be funded by such lesser General Assessment, the Board may, by majority vote, levy one or more supplemental General Assessments. In no event shall the sum of the initial and supplemental General Assessments for that year exceed the Maximum Assessment. The Maximum Assessment and adjustments thereto shall be as set forth below.

(i) The Maximum Assessment for Common Assessments shall be at the rate of \$84.00 per Assessment Unit per year, as increased by the provisions of

Paragraph (ii) of this Subsection 2(e) below. The Maximum Assessment for Lakefront Assessments shall be as set forth in Paragraph (vi)(A) of this Subsection 2(d) above.

(ii) On January 1, 1978, and on January 1 of each calendar year thereafter the Maximum Assessment may be increased by the greater of either (A) ten percent (10%) per year over the previous year; or (B) the percentage increase between December of the calendar year two years preceding said January 1 and December of the calendar year preceding said January 1, in the Consumer Price Index, U.S. City Average, for the Los Angeles-Long each area, All Items, Urban Wage Earners-Clerical Workers, (1967=100), ("Index") issued by the U.S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas". In the event that the Index is discontinued, then the Board shall substitute an index which, in the reasonable opinion of the Board, is most nearly identical to the Index.

(iii) If the Board, by majority vote, determines that the important and essential functions of the Lake Association will not be properly funded in any one (1) year or in any one (1) year and all subsequent years by the amount of the Maximum Assessment, it may call a meeting of the Lake Association requesting approval of a specified increase in such Maximum Assessment for either one (1) year only, or for that one (1) year and all subsequent years. An increase in the Maximum Assessment for any one (1) year or for all subsequent years shall require the approval of Delegates representing fifty-one percent (51%) of the voting power of the Lake Association (exclusive of voting power exercisable by Grantor).

(iv) In no event however, shall the Lake Association levy a General Assessment in any calendar year which is greater than 120% of the General Assessment in the preceding calendar year except with the approval of Delegates representing fifty-one percent (51%) of the voting power of the Lake Association (exclusive of voting power exercisable by Grantor).

(f) Commencement of General Assessments.

(i) General Assessments shall commence as to each Common Area, Residential Lot or Condominium in any increment of development in the Annexable Area for which a Final Subdivision Public Report has been issued (which may constitute only a portion of an increment or Condominium Project developed in phases), upon the first day of the first month following the month in which the Close of Escrow takes place for the sale of the first Lot or Condominium in the increment in which such Lot or Condominium is located.

(ii) General Assessments shall commence as to each Common Area or Lot in the Annexable Area for which no Final Subdivision Public Report is required upon the first day of the first month following the month in which a Certificate of Occupancy is issued for any Improvement on such Lot, but in no event later than the first day of the eighteenth (18<sup>th</sup>) month after the Close of Escrow occurs for the sale by Grantor of such Lot.

(iii) General Assessments shall commence as to Lots or Condominiums in the Developed Area on the first day of the first month following the month in

which the Notice of Addition of Lot or Condominium with respect to such Lot or Condominium is Recorded.

(iv) Each such Common Area, Lot or Condominium shall be subject, upon the commencement of the General Assessment as to such Common Area, Lot or Condominium as provided above, to the General Assessment for the ten current calendar year prorated on the basis of the number of months in such calendar year remaining from the date of commencement of such calendar year to the end of such calendar year.

(g) Payment of Assessments. General Assessments shall be due and payable in advance to the Lake Association by the assessed Members or Owners (including Grantor) during the calendar year in equal semi-annual installments, on or before January 1 and July 1 of each calendar year, or in such other manner and on such other dates as the Board may designate in its sole and absolute discretion.

(h) Failure to Fix Assessments. The omission by the Board, prior to the expiration of any year, to fix the General Assessment provided for herein for the ensuing year, shall not be deemed a waiver or modification with respect to any of the provisions of these Covenants or a release of the liability of any Owner to pay said Assessment or any installment thereof, for that or any subsequent year, and in such event the Maximum Assessment for any year in which the Board fails to fix the General Assessments shall be deemed to be the General Assessment for such year. No diminution or abatement of the General Assessment shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to Lake Association Properties or from any action taken to comply with any law or any determination of the Board or Lake Management Committee.

### **Section 3. Special Assessments for Improvements and Additions.**

(a) Purposes. In addition to the General Assessments authorized by Section 2 of this Article VIII, the Board may levy Special Assessments against members owning of Residential Lots or Condominiums in the Subject Property for the following purposes:

(i) To construct or reconstruct, repair or replace capital Improvements upon the Lake Association Properties, including the necessary fixtures and personal property related thereto;

(ii) To add to the Lake Association Properties;

(iii) To provide for the necessary facilities and equipment to offer the services authorized herein;

(iv) To repay any loan made to the Lake Association to enable it to perform the duties and functions authorized herein.

(b) Vote. Except as otherwise specifically provided herein, the Board shall not, in any one year levy Special Assessments which in the aggregate exceed five percent (5%) of the estimated gross expenses of the Association as set forth in the Budget for such year

without the vote or written consent of Delegates representing a majority of the voting power of the Lake Association exclusive of the voting power exercisable by Grantor.

(c) Proportion. Special Assessments shall be levied upon Members solely on the basis of and in proportion to the Assessment Units chargeable to each Member. Special Assessments shall not be apportioned between Common Assessments and Lakefront Assessments and Owners of Lakefront Lots shall not be obligated to pay any portion of the Special Assessment on the basis of the front footage of such Owner.

(d) Payment. The Board shall notify the Members in writing at the time a Special Assessment is levied of the manner in which and the dates on which such Special Assessment is payable and the Members shall pay such Special Assessment in the manner so specified by the Board.

#### **Section 4. Reimbursement Assessments.**

The Board may, subject to the Notice and Hearing provisions of the By-Laws, levy an assessment against any Owner of a Lot or Condominium in the Subject Property whose willful or negligent failure to comply with these Covenants, the By-Laws, the Board Rules and Regulations or the Lake Management Committee Rules shall have caused funds to be expended by the Lake Association in performing its functions hereunder. Such assessment shall be known as a Reimbursement Assessment, shall be for the purpose of reimbursing the Lake Association, shall be limited to the amount so expended and shall be due and payable to the Lake Association thirty (30) days after the decision of the Board that such assessment is owing.

#### **Section 5. Late Charges and Interest.**

If any installment of any Assessment, whether General, Special or Reimbursement, assessed to any Member or Owner is not paid within thirty (30) days after it is due, the Member or Owner may be required by the Board to pay a late charge of Five Dollars (\$5.00) or five percent (5%) of the amount of the Assessment, whichever is greater. Any installment of an Assessment which is not paid within thirty (30) days after it is due shall bear interest from the due date of such installment at the rate of six percent (6%) per annum simple interest.

#### **Section 6. Enforcement of Assessments.**

Each Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Member or Members or Owner or Owners against whom the same is assessed. In the event of a default in payment of any Assessment, whether General, Special or Reimbursement, the Board may, in addition to any other remedies provided herein or by law, enforce each such obligation on behalf of the Lake Association by either or both of the following procedures:

(i) Enforcement by Suit. The Board may bring a suit at law to enforce each such Assessment obligation. Any judgment rendered in any such action shall include the late charge and Interest provided for in Section 5 of this Article VIII, along with a

sum for reasonable attorneys' fees and costs of enforcement in such amount as the court may adjudge, against the defaulting Member or Owner.

(ii) Enforcement by Lien. The Board may elect to file a claim of lien against the Lot or Condominium of such delinquent Member or Owner by recording a Notice of Claim of Lien ("Notice") stating the amount of the claim of delinquency, the interest and costs which have accrued thereon, the legal description and street address of the Lot or Condominium against which it has been assessed, and the name of the record Owner thereof.

Such notice shall be signed and acknowledged by an officer of the Lake Association or other duly authorized agent of the Board. Such assessment lien shall be prior to any declaration of homestead Recorded after the time that such Lot or Condominium shall have been made subject to these Covenants. The lien shall continue until fully paid or otherwise satisfied. When all amounts claimed under the lien and all other costs and Assessments which may have accrued as to such Lot or Condominium have been fully paid or satisfied, a further notice releasing the lien shall be recorded upon payment by the Owner of such Lot of Condominium of a reasonable fee fixed by the Board not to exceed twenty-five dollars (\$25.00) to cover the cost of preparing and recording the notice of release of lien. Such lien may be foreclosed in the same manner as is provided in the laws of the State of California for the foreclosure of liens on real property, including, without limitation, the provisions of Sections 2924, 2924(b) and 2924(c) of the California Civil Code, as they may be amended from time to time. No action shall be brought by the Board or by its agent to foreclose the assessment lien or to proceed under the power or sale thereunder, until thirty (30) days have elapsed after the date that the Notice is deposited in the United States Mail, certified or registered, postage prepaid, to the Owner of such Lot or Condominium. A certificate executed and acknowledged by any officer of the Lake Association or other duly authorized agent of the Board stating the indebtedness secured by the liens upon any Lot or Condominium created hereunder shall be conclusive upon the Lake Association and the Members as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00). Liens established pursuant thereto shall be junior to any liens established under any Additional Declaration.

(iii) No Offsets. All Assessments shall be payable in the amount specified in the levy thereof and no offsets or reductions thereof shall be permitted for any reason including without limitation any claim that the Lake Association or the Lake Management Committee is not properly exercising its duties and powers as provided in these Covenants.

## **Section 7. Mortgage Protection**

Notwithstanding all other provisions hereof, no lien created under this Article VIII nor any breach of these Covenants, nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Beneficiary under any recorded first Deed of Trust (meaning any deed of trust with first priority over other deeds of trust) upon a Lot or Condominium made in good faith and for value, provided that after the foreclosure of any such First Deed of Trust or conveyance of any Lot or Condominium to such Beneficiary by deed in lieu of foreclosure, such Lot or Condominium shall remain subject to these Covenants and the amount of all General,

Special and Reimbursement Assessments, to the extent they relate to expenses incurred subsequent to such foreclosure, shall be assessed thereunder to the purchaser at such foreclosure sale.

**ARTICLE IX**  
**GRANTOR'S RIGHTS AND RESERVATIONS**

(a) Right to Grant Further Easements. Grantor reserves, until the Close of Escrow for the sale by Grantor of the last Lakefront Lot, the right to grant, in connection with the development of any real property contiguous to the Lake Lot, to owners of Lakefront Lots, whether individually or in common:

(i) Perpetual and exclusive easements of access to the Lake from that portion of any Lakefront Lot fronting on the Lake Lot across the Lake Lot to the waters of the Lake.

(ii) Perpetual and exclusive easements to construct docks, piers, wharves or other structures on the Lake Lot and extending to the pierhead line of the Lake, which pierhead line is set forth on Exhibit G attached hereto and incorporated herein by this reference.

Such easements shall be subject to these Covenants and to the regulatory authority of the Lake Management Committee as set forth herein provided that the Lake Management Committee shall not unreasonably restrict or hinder the exercise of such easements by Owners thereof.

(b) Construction of Additional Improvements. Grantor reserves the right at any time and from time to time to construct at its expense additional improvements on the Lake Association Properties, for the enhancement thereof and the use and enjoyment of the Members. The Lake Association shall upon completion of any such Improvements undertake the care and maintenance thereof, provided, however, that Grantor shall not construct any Improvement which would substantially increase the financial burden on the Lake Association. Prior to the commencement of construction of any such Improvements, Grantor shall obtain a bond or make other arrangements approved by the DRE, under which the Lake Association is obligee, to secure the performance of the commitment of Grantor to complete such Improvements.

(c) Promotional Functions. Grantor reserves the right to refer to the Lake Association Properties and the services offered by the Lake Association, including without limitation the right to use the name "Lake Mission Viejo" in connection with the promotion and marketing of residential developments within the Annexable Area. Grantor may also permit prospective purchasers of Lots or Condominiums who are not Members to use the Lake Association Properties at reasonable times and in reasonable numbers. In addition, Grantor shall have Association Properties on any six (6) consecutive or nonconsecutive days, including weekends and holidays, in any calendar year for the purpose of staging, at Grantor's expense, promotional events or ceremonies. Without limiting the foregoing, Grantor and its duly authorized agents may (i) erect and maintain on any part of the Lake Association Properties such signs and temporary buildings, docks, piers, and other structures as Grantor may reasonably deem necessary or proper to the development and marketing of real property in the Annexable Areas and (ii) use boats, crafts, floats, rafts and other vehicles and equipment on Lake Association Properties for promotional purposes.

(d) Completion of Development. No provision of these Covenants shall be construed to prevent or limit Grantor's right to complete development of the Subject Property and construction or alteration of Improvements thereon owned by Grantor, not Grantor's right to maintain model homes or construction, sales or leasing offices or similar facilities on any portion of the Subject Property owned by Grantor or the Lake Association, nor Grantor's right to post signs incidental to construction, sales or leasing.

(e) Approval of Conveyances. The Lake Association shall not, without first obtaining the prior written consent of Grantor, which consent shall not be unreasonably withheld, grant or convey any of the real property included in the Lake Association Properties or any interest in such real property.

(f) Approval of Changes in Use of Function. Except as otherwise set forth in these Covenants as of the date of Recordation of this Lake Declaration, the Lake Association Properties shall be used solely as a recreational facility for Members and the Lake Association shall not change or alter the use of the Lake Association Properties without the prior consent of Grantor.

(g) Drainage Easements. Grantor reserves the right to use and maintain drainage courses of all kinds in all areas of the Lake Association Properties and within the Control Area. Within the areas subject to these easements, no structure, planting or other material shall be placed which may damage or interfere with drainage courses, create erosion or sliding problems or obstruct, retard or change the direction of the flow of water through such drainage courses.

(h) Utilities Easements. Grantor reserves the right to install and maintain utilities over and under any areas of the Lake Association Properties designated as streets, roads, roadways and drainage courses. For the purposes of this Subsection 1(h), the term utilities shall include all of the purposes for which the Lake Association may grant easements as set forth in Article VI, Subsection 2(c) above, and any other public or quasi-public facility or improvement deemed by Grantor to be necessary or desirable for the comfort, safety and convenience of residents of the Subject Property.

## **Section 2. Other Rights.**

(a) Additional Conveyances. Grantor reserves the right, from time to time, to convey to the Lake Association, at no cost thereto, such other real property adjacent to or in the vicinity of the Lake Lot which may be appropriate for use with the Lake Lot, provided that the maintenance of such Improvements shall not be a substantial burden to the Lake Association. The Lake Association shall assume the obligation of caring for and maintaining any additional Improvements constructed by Grantor pursuant to this Subsection 2(a).

(b) Assignment. Grantor reserves the right to assign, by an express written instrument, all or any portion of its rights contained in the Article IX or elsewhere in these Covenants to any person who may acquire more than one (1) Lot or Condominium in the Annexable Area from Grantor for the purpose of development and resale. In the event of any

such assignment, the assignee shall be considered Grantor for purposes of these Covenants with respect to the rights of Grantor so assigned.

**ARTICLE X  
EASEMENT ON LAKEFRONT LOTS AND  
GENERAL RESTRICTIONS ON CONTROL AREA**

**Section 1. Easement on Lakefront Lots.**

The Owner or Owners of each Lakefront Lot shall have the obligation to maintain in good condition and repair and in working order, free of debris or other matter, the drainage system installed to drain the Swale hereinafter described. The Swale shall mean that area which is a depression surrounding the waters of the Lake which lies in the area extending to a distance of approximately fifteen (15) feet outside the bulkhead. In the event that any Owner of a Lakefront Lot fails to maintain such drainage system, then the Lake Association through the Board shall have the authority in addition to any other remedy available at law, in equity or in these Covenants to do any one or more of the following:

(a) Enter upon such Lakefront Lot as authorized in Subsection 2(b) of Article VI above for the purpose of repairing or maintaining such drainage system and the cost to the Lake Association of such maintenance and repair shall be levied against such Owner as a Reimbursement Assessment pursuant to Article VIII, Section 4 above, or

(b) Suspend each Owner's right of use and enjoyment of the Lake Association Properties pursuant to Article V, Subjection 4(c) above, until such time as the drainage system shall have been put into good working order; or

(c) Suspend, after Notice and Hearing as set forth in the By-Laws, such Owner's rights of access to the Lake as may have been conveyed by Grantor under Article IX, Subsection 1(a) hereof, until such time as the drainage system shall have been put into good working order. In connection with the suspension of such rights of access, the Board may construct a fence or other barrier on such Owner's Lot or otherwise so as to restrict access to Lake Association Properties during the period of suspension. Further, the Board shall have the authority to assess the cost of the construction and removal of such fence or barrier to such Owner as a Reimbursement Assessment pursuant to Article VIII, Section 4 above.

**Section 2. General Restrictions.**

All of the real property included in the Control Area, however classified or used as hereinbefore defined, shall, so long as such real property is a part of the Subject Property, be owner, held, used and enjoyed subject to the following limitations and restrictions, which shall be in addition to those contained in any Additional Declaration:

(a) Grading. Except by Grantor, no Improvement, excavation fill or other work which in any way alters any real property in the Control Area from its natural or

improved state shall be made or done except with the prior written consent of the Lake Management Committee as provided in Article VII, Section 3.

(b) Vehicles and Temporary Structures. No mobilehome, travel trailer, truck camper, house trailer, tent, truck, van or bus, or temporary structure of any kind shall be placed on any real property, including without limitations streets, in the Control Area except with the prior written consent of the Lake Management Committee.

(c) Boats. No boat, craft, dinghy or other floating apparatus or accessory shall be stored on any real property in the Control Area except in accordance with the Lake Management Committee Rules.

(d) Contamination of Lake. No rubbish, trash, or foreign matter of any kind shall be deposited in the waters of the Lake and no liquid or fluid of any kind shall be deposited in the waters of the Lake or allowed to flow into the waters of the Lake from any real property in the Control Area except such water, chemicals, additives and other matter which may be deposited in the water of the Lake by the Board of the Lake Management Committee.

(e) Upkeep of Lots. All portions of real property within the Control Area shall be kept at all times in a clean, sightly and wholesome condition and no trash, garbage, litter, junk, boxes, containers, cans, machinery, implements, lumber or other building materials or temporary structure shall be permitted to be kept or remain on any such real property.

(f) Docks. No docks, piers, wharves, floats or any other artificial protrusions shall be permitted in the waters of the Lake except that each Owner of a single-family Lakefront Lot may be granted an easement by Grantor to construct not more than one (1) dock anchored to the shoreline and except that Grantor may grant an easement to the Owners of a Common Area constituting a Lakefront Lot to construct one (1) or more docks anchored to the shoreline. The size, shape and configuration of such docks shall be in accordance with the standards set by the Lake Management Committee and the plans and specifications for any such dock shall be approved by said Committee prior to the construction thereof as provided in Article VII, Section 3 hereof. The foregoing provisions of this Subsection 2(f) shall not apply to the Lake Association nor shall they modify the rights and reservations of Grantor as set forth in Article IX hereof.

(g) Fish and Wildlife. No Person other than the Lake Association through the Lake Management Committee shall introduce any fish or wildlife of any kind into the waters of the Lake or the Lake Association Properties. Fishing shall be permitted only in accordance with the Lake Management Committee Rules.

(h) Use of Lake. No boating, swimming or other aquatic activity shall take place on or in the Lake except in accordance with the Lake Management Committee Rules.

(i) Storage Tanks. Every tank for the storage of fuel, energy or matter of any kind outside of any structure and every outdoor receptacle for trash, ashes or rubbish located on real property within the Control Area shall be buried below the surface of the ground

or otherwise completely screened to the satisfaction of the Lake Management Committee so as not to be visible from the waters of the Lake.

(j) Removal of Water. No Person, other than the Board or the Lake Management Committee or Persons acting pursuant to the authority of the Board of the Lake Management Committee, shall remove water from the Lake for any purpose, whether or not such water is returned after use to the Lake.

(k) Signs. No sign or other advertising of any kind shall be displayed to the public view without the approval of the Lake Management Committee as provided in Article VII, Section 3 hereof, except such signs as may be used by Grantor in connection with the development of the Subject Property and sale of Condominiums and Lots and except no more than two (2) signs for each Lot or Condominium advertising the residence for sale or lease of customary and reasonable dimensions as prescribed by the Lake Management Committee which may be displayed on or from a Lot or Condominium in a Residential Area so as to be visible from the street and not from the waters of the Lake. Such “for sale” or “for lease” signs not more than three (3) feet by two (2) feet, with block letters, shall not require Lake Management Committee approval.

## **ARTICLE XI MISCELLANEOUS**

### **Section 1. Term.**

The covenants, conditions and restrictions of this Master Declaration shall run until December 31, 2035, unless amended as herein provided. After December 31, 2035, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless extinguished by the vote by written ballot of Members holding at least three-fourths (3/4ths) of the voting power of the Lake Association. Such extinguishment shall be effective upon the Recordation of a written instrument executed by a majority of the Board certifying that these Covenants have been extinguished by the vote of the Members as provided herein.

### **Section 2. Amendment.**

(a) By Grantor. Until the close of escrow for the sale of the first Lot or Condominium in the Subject Property, the provisions of this Lake Declaration may be amended or terminated by Grantor, in accordance with Section 11018.7 of the California Business and Professions Code, by Recordation of a written instrument setting forth such amendment or termination.

(b) By Members. Except as otherwise provided herein, these Covenants, other than Article IX, which may not be amended without the written consent of Grantor, and this Article, which may be amended as set forth below, may be amended or repealed, subject to the provisions of Section 11018.7 of the California Business and Professions Code, at any time upon the satisfaction of the conditions set forth below:

(i) Members in each Delegate District shall have held duly constituted meetings and the Delegates shall have certified to the Board that at least three-fourths (3/4ths) of the voting power of the Lake Association (other than voting power exercisable by Grantor) shall have approved the proposed amendment at such meetings of Members in the Delegate District; and

(ii) A certificate, executed by the President or Vice President and the Secretary or Assistant Secretary setting forth in full the amendment or repeal and certifying that said amendment or repeal has been approved by the Members and certified by the Delegates as set forth above, shall have been Recorded; and

(iii) Until such time as Grantor's right to appoint a majority of the members of the Lake Management Committee under Article VII, Section 2, expires, Grantor shall have given its written consent to such amendment or repeal, which consent may be evidenced by Grantor's executing the Certificate described in Subsection (ii) above. For purposes of this Subsection (iii), the initial rental or lease of an apartment unit of the Subject Property developed as a multi-family project for rental apartments shall be counted as a sale of a Lot.

(c) Approval of Government Agencies. No amendment of these Covenants shall be effective so long as any property subject to this Lake Declaration lies outside the boundaries of an incorporated city, unless such amendment be approved in writing by the Planning Director and the County Council of the County of Orange, or their delegates, whose action shall be governed by whether the Lake Declaration, after such amendment, will continue to contain adequate provision for preservation and maintenance of vehicular and pedestrian access rights for individual property owners, all Improvements and physical facilities such as landscaping, walls, fencing, buildings, hydrants, utility facilities, parking areas, floor lights, drainage facilities and recreational facilities and with the conditions of approval of any applicable tentative tract map.

**Section 3. Amendment of Articles and By-Laws.**

The Articles and By-Laws may be amended in accordance with the provisions respecting amendment thereof as set forth in each of such instruments, or in the absence of such provisions, in accordance with the applicable provisions of the California Corporations Code.

**Section 4. Mortgage Protection.**

Notwithstanding any other provision of these Covenants, no amendment of this Lake Declaration shall operate to defect and render invalid the rights of the Beneficiary under any first Deed of Trust upon a Lot, Condominium or parcel made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after the foreclosure of any such first Deed of Trust such Lot or Condominium shall remain subject to these Covenants, as amended. Notwithstanding any and all provisions of this Lake Declaration to the contrary, in order to induce the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA") and the Government National Mortgage Association ("GNMA") to participate in the financing of the sale of Lots or Condominiums within the

Subject Property, the following provisions are added hereto (and to the extent these added provisions pertaining to the rights of Mortgages conflict with any other provisions of this Lake Declaration or any other of these Covenants these added restrictions shall control):

(a) Each first Mortgagee of a Mortgage encumbering any Lot or Condominium in the Subject Property upon filing a written request for notification with the Board, is entitled to written notification from the Lake Association of any default by the Mortgagor of such Lot or Condominium, in the performance of such Mortgagor's obligations under these Covenants, the Articles or the By-Laws, which default is not cured within thirty (30) days after the Lake Association learns of such default.

(b) Every Owner of a Lot or Condominium in the Subject Property, including every first Mortgagee of a Mortgage encumbering any such Lot or Condominium, which obtains title to such Lot or Condominium, pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal."

(c) Each first Mortgagee of a Mortgage encumbering any Lot or Condominium in the Subject Property, which obtains title to such Lot or Condominium, pursuant to the remedies provided in such Mortgage, or by judicial foreclosure, shall take title to such Lot or Condominium free and clear of any claims for unpaid Assessments or charges against such Lot or Condominium which accrued prior to the time such holder acquires title to such Lot or Condominium.

(d) Unless at least seventy-five percent (75%) of the first Mortgagees (based upon one vote for each Mortgage owned) of the Lots or Condominiums in the Subject Property have given their prior written approval, neither the Lake Association nor the Members shall:

(i) subject to the provisions of the California General Nonprofit Law to the contrary, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Lake Association Properties or the improvements thereon which are owned, directly or indirectly, by the Lake Association (the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Lake Association, shall not be deemed a transfer within the meaning of this clause);

(ii) change the method of determining the obligations, Assessments or other charges [other than the dues or fees imposed by the Lake Management Committee pursuant to Article VII, Subsection 4(a)(iv)] which may be levied against Members, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(iii) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of the dwelling units on the Lots or Condominiums, the exterior maintenance of the dwelling units on the Lots or Condominiums, or the upkeep of lawns and planting the Subject Property;

(iv) fail to maintain Fire and Extended Coverage Insurance on insurable Lake Association Properties as provided in Article VI, Subsection 1(e) above;

(v) use hazard insurance proceeds for losses to any Lake Association Properties for other than the repair, replacement or reconstruction of such Improvements; or

(vi) amend any material provision of these Covenants, the Articles or the Bylaws.

(e) First Mortgages, upon written request, shall have the right to (i) examine the books and records of the Lake Association during normal business hours, (ii) require from the Lake Association the submission of audited annual financial reports and other financial data, (iii) receive written notice of all meetings of the Owners in the various Delegate Districts, and (iv) designate in writing a representative to attend all such meetings.

(f) All first Mortgagees who have made written request therefore shall be given (i) thirty (30) days' written notice prior to the effective date of any proposed, material amendment to these Covenants or the Articles and Bylaws, and prior to the effective date of any termination of an agreement for professional management of the Lake Association Properties following a decision of the Lake Association to assume self-management of the Lake Association Properties; and (ii) immediate written notice as soon as the Board receives notice or otherwise learns of any damage to the Lake Association Properties whenever the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000), and as soon as the Board receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition, with respect to any portion of the Lake Association Properties.

(g) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any of the Lake Association Properties and may pay any overdue premiums on hazard insurance policies, for such property, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

(h) The Reserve Fund described in Article VIII of this Lake Declaration must be funded by regular scheduled payments rather than by large Special Assessments.

(i) The Lake Management Committee shall contract for professional management of the Lake Association Properties with a professional manager. The agreement between the Lake Association and its agent for such professional management shall provide that the management contract shall not have a renewable term or more than one (1) year by mutual agreement of the parties and shall be terminable (i) for cause on no more than thirty (30) days' written notice by the Board and (ii) without cause by payment for reasonable termination fee on ninety (90) days' written notice by the Board.

(j) The Board or the Lake Management Committee shall secure and cause to be maintained in force at all times a fidelity bond for any person or entity handling

funds of the Lake Association, including, but not limited to, employees of the professional Manager.

(k) In addition to the foregoing, the Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots or Condominiums with dwelling units thereon. Each Owner hereby agrees that it will benefit the Lake Association and the membership of the Lake Association, as a class of potential Mortgage borrowers and potential sellers of their residential Lots or Condominiums, if such agencies approve the Subject Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time.

(l) In the event that any Improvement constructed by Grantor, or by any Owner in compliance with Article VII, Section 3 and pursuant to written permission of the Board, encroaches upon any of the Lake Association Properties, then a easement for such encroachment over the potion of Lake Association Properties so encroached shall continue in favor of the Owners from whose real property the encroachment extends until such Improvement may be removed by the Owner.

(m) Each Owner hereby authorizes the First Mortgage of a First Mortgage on his Lot or Condominium to furnish information to the Board concerning the status of such First Mortgage and the loan which it secures.

**Section 5. Notices.**

Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited to the United States mail, postage prepaid, addressed to any person at the address given by such person to the Lake Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Lake Association. Such address may be changed from time to time by notice in writing to the Lake Association.

**Section 6. Interpretation.**

The provisions of these Covenants shall be liberally construed together, to effectuate the purpose of creating a uniform plan for the development and operation of the Subject Property. All provisions affecting any Condominium Project in the Subject Property shall be construed so as to be in conformance with the provisions of California law pertaining to Condominiums. This Lake Declaration shall be construed and governed under the laws of the State of California.

**Section 7. Enforcement and Non-Waiver.**

(a) Right of Enforcement. Except as otherwise provided herein, any Owner of any Lot or Condominium within the Subject Property shall have the right to enforce

any or all of the provisions of these Covenants against any property within the Subject Property and the Owners thereof. Such right shall include an action for damages as well as an action to enjoin any violation of these Covenants.

(b) Violations and Nuisance. Every act or omission whereby any provision of these Covenants is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action by Grantor or the Board or any Owner or Owners of Lots or Condominiums within the Subject Property. However, any other provision to the contrary notwithstanding, only Grantor, the Board, or a duly authorized agent of either of them, may enforce by self-help any of the provisions of these Covenants, and only if such self-help is preceded by reasonable notice to the Owner.

(c) Violation of Law. Any violation of any federal, state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Subject Property is hereby declared to be a violation of these Covenants and subject to any or all of the enforcement procedures set forth in these Covenants.

(d) Remedies Cumulative. Each remedy provided by these Covenants is cumulative and not exclusive.

(e) Non-Waiver. The failure to enforce any of the provisions of these Covenants at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions hereof.

(f) Attorneys' Fees. Any judgment rendered in any action or proceeding hereunder shall include a sum for attorneys' fees in such amount as the Court may deem reasonable, in favor of the prevailing party, as well as the amount of delinquent payment (if applicable), interest thereon, late charges (if any) and Court costs.

**Section 8. FHA/VA Approval.**

As long as Grantor shall have the right to appoint a majority of the Members of the Lake Management Committee, and provided the FHA or the VA is insuring or guaranteeing loans on a portion of the Subject Property, the following actions will require the prior approval of the FHA or the VA: Dedication of any of the Lake Association Properties; grants of additional easements, rights-of-way, or licenses by Grantor in the Lake Association Properties other than as provided herein; establishment of additional reservations by Grantor in the Lake Association Properties; amendment of these Covenants; and any merger or consolidation of the Lake Association.

**Section 9. Interpretation.**

(a) Restrictions Severable. Each of the provisions of these Covenants shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(b) Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

(c) Captions. All captions and titles used in this Lake Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

**Section 10. No Representations or Warranties.**

No representations or warranties of any kind, express or implied, have been given or made by Grantor or its agents or employees in connection with the Subject Property or any portion of the Subject Property, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Lake Declaration and except as may be filed by Grantor from time to time with the California Department of Real Estate, the County of Orange, the VA, the FHA, the FHLMC, the FNMA, the GNMA, or any other government agency.

**Section 11. Special Provision for Enforcement of Certain Bonded Obligations.**

In the event that (1) the Improvements located on the Lake Association Properties are not completed, prior to the issuance of a Final Subdivision Public Report for the First Subdivision by the California Department of Real Estate (“DRE”), and (2) the Lake Association is obligee under a bond or other arrangement (“Bond”) required by the DRE to secure performance of the commitment of Grantor to complete such Improvements, the following provisions of this Section will be applicable:

(a) The Board shall consider and vote on the question of action by the Lake Association to enforce the obligations under the Bond, with respect to any such Improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that Improvement in the Planned Construction Statement appended to the Bond. If the Lake Association has given an extension in writing for the completion of any Improvement on the Lake Association Properties, the Board shall be directed to consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

(b) A special meeting of the Lake Association, for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the bond or on the failure of the Board to consider and vote on the question, shall be held no fewer than fifteen (15) days nor more than thirty (30) days after receipt by the Board of a petition for such a meeting signed by Members representing ten percent (10%) of the total voting power of the Lake Association. A vote of Delegates representing a majority of the voting power of the Lake Association residing in Members other than Grantor to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Lake Association, and the

Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Lake Association.

IN WITNESS WHEREOF, Grantor has executed this Declaration the day and year first above written.

MISSION VIEJO COMPANY,  
a California corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**“Declarant”**

STATE OF CALIFORNIA

) ss.

CITY OF ORANGE

)

On \_\_\_\_\_, 2001, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_ and \_\_\_\_\_,  
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.

\_\_\_\_\_  
Notary Public in and for said State

(SEAL)

**EXHIBIT A**  
**ANNEXABLE AREA**

JACK G. RAUB COMPANY  
125 Baker Street  
Costa Mesa, California

Revised July 12, 1976  
June 3, 1976  
Job No. 01-99-16  
Page 1 of 3

## DESCRIPTION

### LAKE MISSION VIEJO ASSOCIATION ANNEXABLE TERRITORY

That portion of the Rancho Trabuco as shown on a map recorded December 19, 1867 in Book 1 Pages 53 and 54 of Patents in the office of the county Recorder of Los Angeles County and that portion of the Rancho Mission Viejo or La Paz as shown on a map recorded December 19, 1867 in Book 1 Pages 63 and 64 of Patents in the office of the county Recorder of said Los Angeles County. All in the County of Orange State of California described as follows:

BEGINNING at the intersection of the east line of the San Diego Freeway, as shown on State of California, department of Public Works, Division of Highways, Right-of-Way Map No. F-1883, Ora-2-A & B, Road VII, dated May 1, 1958, with the southwesterly line of said Rancho Mission Viejo, said intersection also being the point of beginning of the boundary of the Mission Viejo Planned Community District, 4<sup>th</sup> Revised, per a document recorded in Book 11263, page 306 et. seq., of official records of said Orange County; thence along said boundary the following courses: Southeasterly along said Rancho line 1932.93 feet; thence North 34°30'20" East 8.64 feet; thence South 53°26'10" East 669.55 feet; thence North 23°31'57" East 5752.80 feet to the intersection thereof with the east line of Section 24, Township 7 South, Range 8 West; thence North along the east line of said Section 24 to the northeast corner thereof; thence North 35°30'00" East 2100.00 feet; thence North 12°00'00" East 1526.24 feet; thence North 27°00'00" East 2348.37 feet to a point in the north line of Section 18, Township 7 South, Range 7 West North 89°56'52" West 2602.94 feet from the northeast corner thereof; thence North 43°30'00" East 3455.79 feet; thence North 30°00'00" East 448.26 feet to a point in the west line of said Section 8, Township 7 South, Range 7 West, distant thereon South 2400 feet from the northwest corner of said section; thence North 30°00'00" East 1156.20 feet; thence North 44°00'00" West 832.24 feet to a point in said west line distant thereon South 800 feet from said northwest corner; thence North 29°22'05" East 917.58 feet to a point in the north line of said section distant thereon East 450 feet from said northwest corner; thence North 24°30'00" East 1500 feet; thence North 4°30'00" West 2700 feet; thence North 51°10'21" East 1976.53 feet to a point in the north line of said Section 5, distant thereon West 2805.87 feet from the northeast corner thereof; thence North 22°45'00" East 5200 feet; thence North 7°57'41" East 505.18 feet to a point in the south line of said Section 29, distant thereon West 725 feet from the southeast corner of said section; thence North 11°00'00" East 1750 feet thence North 10°30'00" West 1200 feet; thence North 2°44'44" East 2291.37 feet to a point in the south line of said Section 20, distant thereon West 500 feet from the southeast corner thereof; thence North 0°05'53" West 1411.46 feet to a point in a nontangent curve, concave northwesterly and having a radius of 2040.00 feet, a radial

line of said curve from said point bears North 30°53'34" West; thence leaving said boundaries of the Mission Viejo Planned Community District, 4<sup>th</sup> Revised and northeasterly along said curve 177.60 feet through a central angle of 4°59'18"; thence tangent to said curve North 54°07'08" East, 55.48 feet to a strange curve concave southeasterly and having a radius of 2160.00 feet; thence northeasterly along said curve 458.45 feet through a central angle of 12°09'39"; thence tangent to said curve North 66°16'47" East 89.69 feet to a tangent curve concave northwesterly and having a radius of 2040.00 feet; thence northeasterly along said curve North 51°59'06" East 2021.93 feet to a tangent curve concave northwesterly and having a radius of 4940.00 feet; thence northeasterly along said curve 1291.42 feet through a central angle of 14°58'42"; thence tangent to said curve North 37°00'24" East 1472.45 feet; thence North 25°31'24" East 1011.89 feet; thence North 51°02'00" East 2613.99 feet to a point in the westerly line of land described in Book 6526, page 329 et. seq., Official Records of said Orange County, said point being distant South 18°30'28" East 34.01 feet from the northerly terminus of that certain course described therein as being "North 18°45'21" West 1725.90 feet;" thence northerly along last mentioned westerly line and the westerly lines of the lands described in Book 1736, page 507, et. seq., and Book 7273, page 858, et. seq., both of Official Records of said Orange County to the point of intersection of the northerly line of said Rancho Trabuco with this westerly line of said land described in said Book 1736, page 507, et. seq., Official Records of said Orange County, said point being distant along said northerly line South 71°59'59" East 6274.95 feet from Trabuco Corner No. 12; thence westerly along last mentioned northerly line the following courses: South 54°21'57" West 4571.50 feet to Trabuco Corner No. 11; thence South 60°40'28" West 1133.96 feet to the intersection with the East line of fractional Section 7, Township 6 South, Range 7 West as shown on said sectionalized Survey Map; thence southerly 443.61 feet along last mentioned East line of said Section 7, to that certain point described as the "True Point of Beginning" in deed recorded in Book 975, page 108, et. seq., said Official Records; thence southwesterly along the southeast line of the land described in last mentioned deed and the southeast line of the land described in last mentioned deed and the southeast lines of the land described in deeds recorded in Book 971, page 491, et. seq., Book 972, page 381, et. seq., and Book 970, page 516, et. seq., all of said Official Records to Trabuco Rancho corner No. 4; thence southwesterly along the northwesterly line of said Rancho Trabuco to the northeasterly line of the land described in the deed to the Atchison, Topeka & Santa Fe Railway Company recorded October 4, 1899 in Book 39, page 277, et. seq., of Deeds, records of said Orange County; thence southeasterly along said northeasterly line to the intersection thereof with the easterly line of said Rancho Trabuco; thence southerly along said Rancho line to the intersection thereof with the center line of Oso Parkway as shown on said Map No. F-1883; thence easterly along said center line of Oso Parkway to the easterly line of the San Diego Freeway as shown on said Map No. F-1883; thence southerly along said easterly freeway line to the point of beginning.

EXCEPT therefrom that certain land described in deeds to the State of California recorded May 17, 1966 in Book 7933, page 748, et. seq., May 25, 1966, in Book 7941, page 783, et. seq., December 22, 1966 in Book 8134, page 298, et. seq., October 6, 1975 in Book 11530, page 1418, et. seq., and May 27, 1976 in Book 11751, page 1671, et. seq., all of Official Records of said Orange County, California.

CONTAINING: 11659 Acres More or Less

SUBJECT TO: All Covenants, Rights, Rights-of-Way and Easements of Record.

EXHIBIT "A": attached and by this reference made a part thereof.

---

Jack G. Raub,  
Registered Civil Engineer #14749

**EXHIBIT B**  
**DEVELOPED AREA**

**LAKE DEVELOPED AREA**

| <b><u>TRACT NUMBER</u></b> | <b><u>DATE RECORDED</u></b> | <b><u>BOOK NUMBER</u></b> | <b><u>PAGE NUMBER</u></b> |
|----------------------------|-----------------------------|---------------------------|---------------------------|
| 5737                       | 1/28/71                     | 274                       | 40,41                     |
| 5738                       | 5/26/67                     | 233                       | 44-46                     |
| 5890                       | 3/7/66                      | 224                       | 37-39                     |
| 5905                       | 7/9/65                      | 217                       | 17,18                     |
| 5909                       | 3/31/66                     | 225                       | 25-27                     |
| 5936                       | 7/9/65                      | 217                       | 19-21                     |
| 5985                       | 3/10/66                     | 224                       | 45-47                     |
| 6047                       | 4/14/66                     | 225                       | 42-45                     |
| 6171                       | 8/14/66                     | 228                       | 14-17                     |
| 6202                       | 12/5/66                     | 230                       | 34-36                     |
| 6203                       | 8/3/66                      | 228                       | 4-6                       |
| 6243                       | 6/23/66                     | 227                       | 35-38                     |
| 6254                       | 7/11/76                     | 227                       | 46-48                     |
| 6255                       | 2/1/68                      | 239                       | 44-46                     |
| 6290                       | 10/27/66                    | 230                       | 13-15                     |
| 6310                       | 1/19/67                     | 231                       | 23,24                     |
| 6323                       | 4/28/67                     | 233                       | 11-13                     |
| 6324                       | 10/26/67                    | 237                       | 11-14                     |
| 6325                       | 7/28/67                     | 234                       | 45-47                     |
| 6329                       | 3/30/67                     | 232                       | 26-28                     |
| 6333                       | 5/12/67                     | 233                       | 27-30                     |

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|----------------------------|-----------------------------|---------------------------|---------------------------|
| 6336                       | 4/27/67                     | 233                       | 8-10                      |
| 6340                       | 4/10/67                     | 232                       | 39-42                     |
| 6360                       | 9/14/67                     | 236                       | 7-11                      |
| 6363                       | 9/14/67                     | 235                       | 23-26                     |
| 6367                       | 6/9/72                      | 299                       | 50,51                     |
| 6393                       | 7/12/68                     | 245                       | 6-9                       |
| 6414                       | 4/4/68                      | 242                       | 1-5                       |
| 6423                       | 1/25/68                     | 239                       | 22,23                     |
| 6439                       | 2/8/68                      | 240                       | 5-9                       |
| 6440                       | 3/21/68                     | 241                       | 30-33                     |
| 6471                       | 12/7/67                     | 238                       | 14-16                     |
| 6491                       | 7/3/69                      | 258                       | 32-34                     |
| 6492                       | 9/12/68                     | 247                       | 45-47                     |
| 6493                       | 10/17/68                    | 249                       | 26-29                     |
| 6506                       | 4/7/72                      | 296                       | 27-31                     |
| 6534                       | 6/13/68                     | 244                       | 9-11                      |
| 6543                       | 11/22/68                    | 250                       | 33-36                     |
| 6545                       | 8/16/68                     | 247                       | 4-11                      |
| 6546                       | 9/13/68                     | 248                       | 1-4                       |
| 6550                       | 12/13/68                    | 251                       | 14-18                     |
| 6611                       | 8/5/71                      | 283                       | 15,16                     |
| 6640                       | 11/29/66                    | 250                       | 29-32                     |
| 6641                       | 12/13/68                    | 251                       | 11-13                     |

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| 6642                       | 12/13/68                    | 251                       | 23-25                     |
| 6643                       | 3/18/69                     | 254                       | 42-44                     |
| 6683                       | 12/20/68                    | 251                       | 35-38                     |
| 6706                       | 2/14/69                     | 252                       | 48-50                     |
| 6707                       | 2/27/69                     | 253                       | 46-48                     |
| 6708                       | 5/7/69                      | 256                       | 36-38                     |
| 6714                       | 12/10/68                    | 251                       | 32-34                     |
| 6715                       | 10/26/72                    | 309                       | 30,31                     |
| 6760                       | 4/11/69                     | 255                       | 30-32                     |
| 6761                       | 8/7/69                      | 258                       | 48-50                     |
| 6783                       | 10/9/69                     | 262                       | 27-31                     |
| 6759                       | 8/7/69                      | 259                       | 32-34                     |
| 6821                       | 2/20/69                     | 253                       | 21,22                     |
| 6835                       | 7/16/69                     | 258                       | 41-45                     |
| 6836                       | 7/25/69                     | 259                       | 14-17                     |
| 6837                       | 9/4/69                      | 260                       | 46-50                     |
| 6838                       | 10/2/69                     | 262                       | 16-19                     |
| 6845                       | 11/18/69                    | 264                       | 6-8                       |
| 6859                       | 8/14/72                     | 304                       | 20-22                     |
| 6865                       | 2/3/72                      | 292                       | 8,9                       |
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**EXHIBIT C**  
**ARTICLES OF INCORPORATION**

**ARTICLES OF INCORPORATION**  
**OF**  
**LAKE MISSION VIEJO ASSOCIATION**

ONE:           The name of this corporation (“Association” herein) is LAKE MISSION VIEJO ASSOCIATION.

TWO:           The Association is formed for the following purposes:

(a)       The specific and primary purposes of the Association are to own, manage, operate, maintain, protect and preserve for the use and enjoyment of its Members real property and improvements located in the Mission Viejo Community, orange County, California and consisting of Lake Mission Viejo and facilities and improvements ancillary thereto (“Association Properties”).

(b)       The general purposes and powers of the Association are:

1.       To promote the common good, health, safety and general welfare of all of its Members.
2.       To have and to exercise any and all powers, rights and privileges, which a corporation organized under the General Nonprofit Corporation Law of the State of California by law may now or hereafter have or exercise.
3.       To exercise all of the rights, powers and privileges and to perform all of the duties and obligations of the Association arising from the Declaration of Covenants, Conditions, Restrictions for Lake Mission Viejo (the “Lake Declaration”) recorded or to be recorded in the Office of the Recorder, Orange County, California.
4.       To enforce pursuant to the terms of the Lake Declaration all applicable provisions of the Lake Declaration, By-Laws, rules and regulations for use of the Association Properties and any other instruments for the management and control of the Association Properties; to fix, levy, collect and enforce payment by any lawful means, all charges and assessments pursuant to the terms of the Lake Declaration; to contract for and pay all expenses in connection with maintenance, gardening, utilities, materials, supplies and services relating to the Association Properties; to employ personnel reasonably necessary for administration and control of all of the Association Properties, including lawyers and accountants where appropriate; and to pay all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes and special assessments which are or would become a lien on any portion of the Association Properties.

5. To acquire, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.

6. To act in the capacity of principal, agent, joint venturer, partner, or otherwise.

The foregoing statement of purposes shall be construed as a statement both of purposes and of powers, and purposes and powers in each clause shall not be limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

THREE: The Association is organized pursuant to the General Nonprofit Corporation Law of the State of California.

FOUR: The County in this State where the principal office for the transaction of the business of the Association is located in the County of Orange.

FIVE: The authorized number and qualifications of Members of the Association, the different classes of Membership, if any, the property, voting and other rights and privileges of Members, and the liability for dues, fees and assessments and the method of collection thereof, shall be as set forth in the Lake Declaration and the Association's By-Laws.

SIX: The number of Directors of the Association shall be five (5), and said number may be changed by a duly adopted amendment to the By-Laws of the Association, except that in no event may the number of Directors be less than three (3).

The names and addresses of the persons who are appointed to act as the first Directors of the Association and to continue to act as such Directors until the election and qualification of their successors are as follows:

GERARD D. OGNIBENE 26137 La Paz Road  
Mission Viejo, California 92675

WILLIAM K. SMITH 26137 La Paz Road  
Mission Viejo, California 92675

GERALD JENDREAS 26137 La Paz Road  
Mission Viejo, California 92675

PETER H. LAWRENCE 26137 La Paz Road  
Mission Viejo, California 92675

WILLIAM HALSTRUM 26137 La Paz Road

SEVEN: Amendment of these Articles of Incorporation shall require the vote or written consent of at least two-thirds of the Delegates; provided, however, that such Delegates shall represent at least fifty-one percent (51%) of the voting power of the Association.

EIGHT: The Association may be dissolved with the vote or written consent of Delegates of the Members holding at least fifty percent (50%) of the voting power of the Association. Upon the winding up and dissolution of the Association after a taking of all or substantially all of the operating assets of the Association for any public or quasi-public use under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, then the assets of the Association remaining after paying or adequately providing for the debts and obligations of the Association shall be distributed to the Members, and their mortgagees as their interests may appear, in proportion to the number of Assessment Units chargeable to each member. Upon the winding up and dissolution of the Association, other than after such a taking of all or substantially all of the operating assets of the Association, the assets of the Association remaining after paying or adequately providing for the debts and obligations of the Association shall be distributed to an appropriate public agency or agencies to be used for purposes similar to those for which the Association was created. In the event such dedication is refused acceptance, such assets shall be distributed, granted, conveyed and assigned to a nonprofit association, trust, foundation, corporation or other organization which is organized and operated for similar purposes. If the Association holds any assets in trust, such assets shall be disposed of in such manner as may be directed by decree of the Superior Court of the County in which the Association's principal office is located, upon petition therefor by the Attorney General, or by any person concerned in the liquidation, in proceedings in which the Attorney General is a party.

IN WITNESS WHEREOF, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation on November 4, 1976.

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GERARD D. OGNIBENE

---

WILLIAM K. SMITH

---

GERALD JENDREAS

---

PETER H. LAWRENCE

---

WILLIAM HALSTRUM

TATE OF CALIFORNIA

CITY OF ORANGE

) ss.  
)

On \_\_\_\_\_, 2001, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_ and \_\_\_\_\_,  
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.

\_\_\_\_\_  
Notary Public in and for said State

(SEAL)

**EXHIBIT D**

**BYLAWS OF LAKE MISSION VIEJO ASSOCIATION**

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**OF**  
**LAKE MISSION VIEJO ASSOCIATION**

**BYLAWS**  
**OF**  
**LAKE MISSION VIEJO ASSOCIATION**

**ARTICLE I**

**GENERAL**

**Section 1.**     **Name.**           The name of the corporation is LAKE MISSION VIEJO ASSOCIATION, hereinafter referred to as the “Lake Association.” The principal office of the Lake Association shall be located in Orange County, California.

**Section 2.**     **Application.** Each Owner of a Lot or Condominium in a Residential Area of the Subject Property, by virtue of being such an Owner, and for so long as he, she or it is an Owner, shall be a Member of the Lake Association and is subject to the regulations, duties and liabilities and is entitled to the rights and privileges as set forth in these By-Laws, in the Declaration of Covenants, Conditions and Restrictions for Lake Mission Viejo Association recorded or to be recorded in the Office of the Orange County Recorder (the “Lake Declaration”), in the Lake Management Committee Rules, and in the Board Rules and Regulations.

**Section 3.**     **Meaning of Terms.** The following terms, as used in these By-Laws, shall have the same meaning as are applied to such terms in the Lake Declaration: “Annexable Area,” “Board,” “Board of Directors,” “Board Rules and Regulations,” “Condominium,” “Control Area,” “Delegate,” “Family,” “First Subdivision,” “General Assessment,” “Grantor,” “Improvement,” “Lake Association Properties,” “Lake Management Committee,” “Lake Management Committee Rules,” “Lot,” “Manager,” “Member,” “Mortgagee,” “Option Period,” “Owner,” “Reimbursement Assessment,” “Residential Lot,” “Special Assessment,” “Subject Property,” and “Tenant.”

**ARTICLE II**

**VOTING BY LAKE ASSOCIATION MEMBERSHIP**

**Section 1.**     **Voting.**           Members shall elect Delegates to vote on their behalf as set forth in Article IV, Section 3 of the Lake Declaration. The number of votes (i.e., voting power) held or represented by each Delegate, the manner in which Members shall elect Delegates, and the manner in which each Delegate shall cast the voting power represented by him or her shall all be as specified in the Lake Declaration, and the provisions of the Lake Declaration governing all such matters are specifically incorporated by reference herein.

**Section 2.**     **Meaning of “Majority of Delegates”.**     As used in these By-Laws, the term “majority of Delegates” shall mean those Delegates holding at least fifty-one percent

(51%) of the voting power of the membership in the Lake Association. Notwithstanding the foregoing, unless otherwise expressly provided in these By-Laws, any action which may be taken by the Lake Association may be taken by a majority of a quorum of the Delegates of the Lake Association.

**Section 3. Quorum.** Except as otherwise provided in these By-Laws, the presence in person or by proxy of the Delegates holding at least fifty-one percent (51%) of the voting power of the Lake Association shall constitute a quorum of the membership. The Delegates 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 Delegates to leave less than a quorum.

**Section 4. Proxies.** Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed.

### ARTICLE III

#### **ADMINISTRATION**

**Section 1. Lake Association Responsibilities.** In accordance with the provisions of the Lake Declaration, the Lake Association shall have the responsibility of administering the Lake association Properties, approving an annual budget, establishing and collecting all assessments applicable to the Lake Association Properties or authorized pursuant to the Lake Declaration, and arranging for the architectural control of works of Improvement located in the Control Area.

**Section 2. Place of Meetings of Delegates.** Meetings of the Delegates shall be held at or about the Subject Property, or at such other suitable place in Orange County, as proximate thereto as practicable, as may be designated by the Board of Directors.

**Section 3. Annual Meetings of Delegates.** The first annual meeting of Delegates shall be held within forty-five (45) days after fifty-one percent (51%) of the escrows for the sale of all of the Lots and Condominiums in the First Subdivision have closed or within six (6) months after close of escrow for the sale of the first Lot or Condominium in the First Subdivision or within forty-five (45) days after expiration of the Option Period, whichever occurs first. Thereafter, the annual meetings of the Delegates shall be held on or about the anniversary date of the first annual meeting. At each annual meeting there shall be elected by ballot of the Delegates a Board of Directors, in accordance with the requirements of Section 5 of Article IV of these By-Laws. Each first Mortgagee of a Lot or Condominium in the Subject Property may designate a representative to attend all annual meetings of the Delegates. All Members and Mortgagee representatives shall be entitled to attend annual meetings to the extent of the permissible capacity of the meeting room.

**Section 4. Special Meetings of Delegates.** It shall be the duty of the President to call a special meeting of the Delegates, as directed by resolution of a majority of a quorum of the Board of Directors, or upon a petition signed by Delegates representing at least fifteen percent

(15%) of the voting power of the Lake Association (excluding the voting power of Grantor) and having been presented to the Secretary. The Notice of any special meeting shall state the time and place of such meeting except as stated in the notice, unless by consent of Delegates present, either in person or by proxy, representing at least eighty percent (80%) of the voting power of the Lake Association. Each first Mortgagee of a Lot or Condominium in the Subject Property may designate a representative to attend all special meetings of the Delegates. All Members and Mortgagee representatives shall be entitled to attend special meetings to the extent of the permissible capacity of the meeting room.

**Section 5. Notice of Meetings.** It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Delegate of record, and to each first Mortgagee of a Lot or Condominium, which Mortgagee has filed a written request for notice with the Secretary, at least ten (10) but not more than sixty (60) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after said notice has been deposited in a regular depository of the United States mail. Such notice shall be posted in a conspicuous place on or in the Lake Association Properties and such notice shall be deemed received by the Delegate when posted in such manner if no address has been furnished to the Secretary.

**Section 6. Adjourned Meetings.** If any meeting of Delegates cannot be commenced because a quorum is not present, the Delegates who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days not more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Delegates holding at least twenty-five percent (25%) of the voting power of the Lake Association. Such adjourned meetings may be held without notice thereof as provided in this Article III, provided that notice is given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given in the manner provided in Section 5 of this Article III.

**Section 7. Order of Business.** The order of business at all meetings of the Delegates shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of Minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (I) new business. Meetings of the Delegates shall be conducted by the officers of the Lake Association, in order of their priority.

**Section 8. Consent of Absentees.** The transactions of any meeting of the Delegates, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after the regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Delegates 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 9. Minutes, Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Delegates, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the Minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

## **ARTICLE IV**

### **BOARD OF DIRECTORS**

**Section 1. Number and Qualification.** The property, business and affairs of the Lake Association shall be governed by a Board of Directors composed of five (5) persons, each of whom, except for those appointed and serving as first Directors, must be either an Owner of a Lot or Condominium in the Subject Property or an agent of Grantor for so long as Grantor owns a Lot or Condominium in the Annexable Area. Directors shall not receive any salary or compensation for their services as Directors; provided, however, that (1) nothing herein contained shall be construed to preclude any Director from serving the Lake Association in some other capacity and receiving compensation therefore, and (2) any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

**Section 2. Powers and Duties.** The Board of Directors has the powers and duties necessary for the administration of the affairs of the Lake Association and may do all such acts and things as are not by law or by these By-Laws or the Lake Declaration directed to be exercised and done by the Members or by the Lake Management Committee. The Board of Directors shall not enter into any contract not permitted by the Lake Declaration or for a term in excess of one (1) year, without the approval of Delegates representing a majority of the voting power of the Lake Association (exclusive of the voting power attributable to Grantor), except for (1) any contract of a minimum term with a public utility company, regulated by the Public Utilities Commission (such as Southern California Edison Company) which requires a minimum term in excess of one (1) year; (2) a management contract the terms of which have been approved by the Veterans Administration or the Federal Housing Administration; and (3) prepaid casualty or liability insurance policies of not more than three (3) years duration provided that the policy permits short term cancellation by the Lake Association.

**Section 3. Special Powers and Duties.** Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Lake Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties to be exercised and performed by the Board except to the extent that such powers and duties are specifically delegated to the Lake Management Committee pursuant to the Lake Declaration:

(a) To select, appoint, and remove all officers, agents and employees of the Lake Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Lake Declaration, the Lake Management Committee

Rules, the Board Rules and Regulations and these By-Laws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) To conduct, manage and control the affairs and business of the Lake Association, and to make and enforce such rules and regulations therefor consistent with law, the Articles of Incorporation, the Lake Declaration, the Lake Management Committee Rules and these By-Laws, as the Board may deem necessary or advisable.

(c) To change the principal office for the transaction of the business of the Lake Association from one location to another within the County of Orange, as provided in Article I hereof; to designate any place within said County for the holding of any annual or special meeting or meetings of Delegates consistent with the provisions of Article III, Section 2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of the law.

(d) With the approval of a majority of Delegates (exclusive of the voting power of Grantor), to borrow money and to incur indebtedness for the purposes of the Lake Association, and to cause to be executed and delivered therefor, in the Lake Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and security therefor.

(e) to fix and levy from time to time General Assessments, Special Assessments and Reimbursement Assessments upon the Members of the Lake Association as provided in the lake Declaration; to determine and fix the due date for the payment of such assessments, and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to provide for the payment of the expenses of the Lake Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Lake Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed, or equipment and appliances furnished for the maintenance, improvement or development of the Lake Association Properties or for the payment of any and all obligations in relation thereto, or in performing or causing to be performed any of the purposes of the Lake Association for the general benefit and welfare of its Members, in accordance with the provisions of the Lake Declaration. The Board of Directors is hereby authorized to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Lake Association or welfare of its Members. The funds collected by the Board of Directors from the Members, attributable for replacement reserves, for maintenance costs which cannot normally be expected to occur on an annual basis and for capital improvements, shall at all times be held in trust for the Members and shall not be commingled with other assessments collected from the Members. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of the Lake Declaration. Should any Member fail to pay such assessment before delinquency, the Board of Directors in its discretion is authorized to enforce the payment of such delinquent assessments as provided in Lake Declaration and these By-Laws.

(f) To enforce the provisions of the Lake Declaration, the Lake Management Committee Rules, the Board Rules and Regulations, these By-Laws or other agreements of the Lake Association.

(g) to contract for and pay premiums for, with respect to the Lake Association Properties, fire, casualty, blanket liability, malicious mischief, vandalism, liquor liability, errors and omissions, and other insurance insuring the Delegates, the Members, the Lake Association, the Board of Directors, members of the Lake Management Committee, any Manager or Managers and other interested parties, in accordance with the provisions of the Lake Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on or in the Lake Association Properties).

(h) To contract for and pay maintenance, legal, accounting, gardening, common utilities, materials and supplies and services relating to the Lake Association Properties, and to employ personnel necessary for the operation of the Lake Association Properties, including legal and accounting services and to contract for and pay for improvements and recreational facilities on or in the Lake Association Properties.

(i) To delegate its powers according to law, and subject to the approval of the Members, to adopt these By-Laws.

(j) To grant easements where necessary for utilities and sewer facilities over the Lake Association Properties to serve such Properties or the Subject Property.

(k) To fix, determine and name from time to time, if necessary or advisable, the public agency or non-profit association, trust, foundation, corporation or other organization which is organized or operated for charitable purposes, to which the assets of this Lake Association shall be distributed upon liquidation or dissolution, according to the Articles of Incorporation of the Lake Association. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Lake Association, and after distribution of all property held or acquired by the Lake Association under the terms of a specific trust or trusts.

(l) To adopt such Board Rules and Regulations as the Board deems proper concerning those aspects of the Lake Association for which the Board has responsibility, and amend and repeal any such Board Rules and Regulations, all in conformity with the provisions of the Lake Declaration.

**Section 4. Lake Management Committee.** The Lake Management Committee shall have all the rights and powers, and shall perform all the duties and services, described in the Lake Declaration. The manner of selection and removal of members of the Lake Management Committee shall be as described in the Lake Declaration. At the first regular (“organization”) meeting of the Lake Management Committee, to serve with the members thereof designated in Article VII, Section 1, of the Lake Declaration. Members of the Lake Management Committee shall serve without compensation for such terms as are designated in the Lake Declaration; provided, however, that (1) nothing herein contained shall be construed to preclude any member of such Committee from serving the Lake Association in some other

capacity and receiving compensation therefor, and (2) any member of such Committee may be reimbursed for actual expenses incurred in the performance of such member's duties.

**Section 5. Election and Term of Office.** At the first annual meeting of the Delegates, and thereafter at each annual meeting of the Delegates, new Directors shall be elected by written ballot by a majority of Delegates as provided in these By-Laws. In the event that an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at any special meeting of the Delegates held for that purpose. Each Director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. The term of office of each Director elected at the first annual meeting and the term of office of each Director elected to fill a vacancy created by the resignation, death or removal of his predecessor shall be the balance of the unserved term of his predecessor. Any person serving as a Director may be re-elected, and there shall be no limitation on the number of terms during which he or she may serve. Each Delegate may accumulate his votes for the election and removal of Directors as provided in this Article. At any election of the Board, each Delegate may give one or more candidates for Director a number of votes equal to his share of the voting power as set forth in the Lake Declaration, multiplied by the number of Directors to be elected.

Notwithstanding the foregoing, whenever (1) notice is given for an election of Directors of the Board and (2) upon such date the Members other than the Grantor do not have a sufficient percentage of the voting power of the Lake Association to elect at least one Director through the foregoing cumulative voting procedure, such notice shall also provide for the following special election procedure: Election of one Director shall be apportioned, through the Delegates, entirely to the Members other than the Grantor. Any person shall be an eligible candidate for the special election upon receipt by the Secretary of a Declaration of Candidacy, signed by the candidate, at any time prior to the election. Such election shall be by secret ballot unless Delegates representing a majority of the voting power of the Lake Association (other than the Grantor) determine otherwise. The person receiving a majority of the votes cast by Delegates (other than votes attributable to the Grantor) shall be elected a member of the Board in a co-equal capacity with all other Directors. The remaining members of the Board shall be elected through the customary cumulative voting procedure outlined above.

**Section 6. Books, Audit.** The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Lake Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals shall obtain a certified audit of such books and records performed by an independent certified public accountant. A balance sheet and an audited operating (income) statement for the Lake Association shall be posted in a prominent location on the Lake Association Properties and distributed to each Delegate (and to each Member and any first Mortgagee of a Lot or Condominium in the Subject Property upon their request) as follows:

(a) An initial balance sheet and an initial operating statement as of an accounting date which shall be the last day of the month closest in time to six (6) months following the date of closing of the first sale of a Lot or Condominium to a Member or the date of expiration of the Option Period, whichever occurs earliest, within sixty (60) days of such accounting date;

(b) Thereafter, an annual balance sheet and an annual operating statement as of the last day of the Lake Association's fiscal year, within ninety (90) days of such accounting date.

The operating statement for the first six (6) months' accounting period referred to in (a) above shall include a schedule of assessments received or receivable itemized by Lot or Condominium number and by the name of the person or entity assessed. All books, records and papers of the Lake Association shall be made available for inspection by any Member at the principal place of business of the Lake Association or at such other place within the Lake Association Properties as the Board may prescribe. The Board shall establish reasonable rules with respect to (1) notice to be given to the custodian of the records by the Member desiring to make the inspection, (2) hours and days of the week when such inspection may be made and (3) payment of the cost of reproducing copies of documents requested by a Member.

**Section 7. Vacancies.** Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Delegates of the Lake Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Delegates of the Lake Association, or at a special meeting of the Delegates called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Delegates fail to elect the full number of authorized Directors at any meeting at which such election is to take place.

**Section 8. Removal of Directors.** At any regular or special meeting of the Delegates duly called, any one or more of the Directors may be removed prior to the expiration of such Director's term of office with or without cause by a majority of Delegates and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by any Delegate shall be given an opportunity to be heard at the meeting. If more than one Director is to be removed at any one time, each Delegate may accumulate his votes and vote for or against such removal of one or more of the Directors, exercising a number of votes equal to his share of the voting power as set forth in the Lake Declaration multiplied by the number of Directors sought to be removed. Where the entire Board of Directors is not removed at one time, no Director shall be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of votes outstanding is divided by one (1) plus the authorized number of Directors. If any or all of the Directors are so removed, new Directors may be elected at the same meeting. Notwithstanding the foregoing, any Director who has been elected to office solely by the votes of Delegates representing Members other than Grantor pursuant to Section 5 of this Article IV may be removed from office prior to the expiration of his term of office only by the vote of Delegates representing a simple majority of the Members other than Grantor.

**Section 9. Organization Meeting.** The first regular ("organization") meeting of a newly elected Board of Directors shall be held within ten (10) days of election of the Board, at such time and place as shall be fixed and announced by the Directors at the meeting at which such Directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected Directors in

order legally to constitute such meeting, provided a majority of the whole Board shall be present when the time and place are announced. The meeting shall be open to Members to the extent of the permissible capacity of the meeting room.

**Section 10. Regular Meeting.** Regular meetings of the Board of Directors shall be open to Members to the extent of the permissible capacity of the meeting room and may be held at such time and place within the Subject Property as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the Directors; provided, however, that such meeting shall be held no less frequently than quarterly. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least seventy-two (72) hours prior to the day named for such meeting, and shall be posted at a prominent place or places within the Lake Association Properties.

**Section 11. Special Meetings.** Special meetings of the Board of Directors may be called by the President (or, if he is absent or refuses to act, by the Vice President) or by any two (2) Directors and shall be open to Members to the extent of the permissible capacity of the meeting room. At least seventy-two (72) hours notice shall be given to each Director, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting and shall be posted at a prominent place or places within the Lake Association Properties. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Lake Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. 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 meeting was given to such Director, as required by law and as provided herein.

**Section 12. Waiver of Notice.** Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a Director at any meeting of the Board shall be waiver of notice by him of the time and place thereof. If all Directors are present at a meeting of the Board, no notice shall be required and any business may be transacted at such meeting. 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 such a written waiver of notice, a consent to holding such meeting, or an approval of the Minutes thereof. All such waivers, consent and approvals shall be filed with the records of the Lake Association or made a part of the Minutes of the meeting.

**Section 13. Quorum and Adjournment.** Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

**Section 14. Fidelity Bonds.** The Board of Directors may require that all officers and employees of the Lake Association handling or responsible for Lake Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be paid by the Lake Association.

**Section 15. Committees.** The Board of Directors, by resolution, may from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created, so long as the purposes and powers of such committee do not conflict with the purposes and powers of the Lake Management Committee. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, determination and other administrative matters as deemed appropriate by the Board.

## ARTICLE V

### OFFICERS

**Section 1. Designation.** The principal officers of the Lake Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected or appointed by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be Directors. The offices of the Secretary and the Treasurer may be held by the same person, but the office of President and Secretary may not be held by the same person.

**Section 2. Election of Officers.** The officers of the Lake Association shall be elected annually by the board of Directors at the organization meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

**Section 3. Removal of Officers.** Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Lake Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

**Section 4. Compensation.** Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board or the Lake Management Committee. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee, provided that no officer, employee or director of the Grantor or any affiliate of the Grantor may receive any compensation.

**Section 5. President.** The President shall be the chief executive officer of the Lake Association. He shall preside at all meetings of the Lake Association and of the Board of Directors. With the exception of those powers and duties delegated to the Lake Management Committee, he shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Article IV, Section 16, to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Lake Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the Lake Association. The President shall be ex officio a member of all standing committees, including the Lake Management Committee, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these By-Laws.

**Section 6. Vice President.** The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these By-Laws.

**Section 7. Secretary.** The Secretary shall keep the Minutes of all meetings of the Board of Directors and the Minutes of all meetings of the Lake Association at the principal office of the Lake Association or at such other place as the Board of Directors may order. The Secretary shall keep the seal of the Lake Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Lake Association and of the Board of Directors required by these By-Laws or by law to be given. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

**Section 8. Treasurer.** The Treasurer shall have responsibility for Lake Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts of the properties, tax records and business transactions of the Lake Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Lake Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Lake Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Lake Association as may be ordered by the Board of Directors, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial condition of the Lake Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these By-Laws.

## ARTICLE VI

### **OBLIGATIONS OF THE MEMBERS**

**Section 1. Assessments.**

(a) All Members are obligated to pay, in accordance with the provisions of the Lake Declaration, all assessments imposed by the Lake Association to meet all expenses of the Lake Association.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Lake Declaration.

**Section 2. Maintenance and Repair.**

(a) Every Member must perform promptly, at his sole cost and expense, all maintenance and repair work on or within his Lot or Condominium required under the provisions of the Lake Declaration. As further provided in the Lake Declaration, all plans for construction, erection, maintenance, exterior alteration and repair of improvements located within the Control Area must receive the prior written approval of the Lake Management Committee. The Lake Management Committee shall establish reasonable procedures for the granting of such approval, in accordance with the Lake Declaration.

(b) As further provided in the Lake Declaration, each Member shall reimburse the Lake Association for any expenditures incurred in repairing or replacing any portion of the Lake Association Properties which are damaged through such Member's willful misconduct or negligence. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these By-Laws or the Lake Declaration.

**ARTICLE VII**

**AMENDMENTS TO BY-LAWS**

These By-Laws may be amended by the Lake Association in a duly constituted meeting of the Delegates for such purpose. No amendment to these By-Laws shall take effect unless approved by those Delegates representing at least a majority of a quorum of the voting power of the Lake Association.

**ARTICLE VIII**

**MORTGAGES**

**Section 1. Notice to Lake Association.** Every Member who mortgages his Lot or Condominium shall notify the Lake Association through its Manager, or through the Secretary of the Lake Association in the event there is no Manager, of the name and address of his Mortgagee; and the Lake Association shall maintain such information in a book entitled "Mortgagees of Lots and Condominiums." Any such Member shall likewise notify the Lake Association as to the release or discharge of any such Mortgage.

**Section 2. Notice of Unpaid Assessments.** The Board of Directors of the Lake Association shall at the request of a Mortgagee of a Lot or Condominium in the Subject Property

report any unpaid assessments due from the Owner of such Lot or Condominium, in accordance with the provisions of the Lake Declaration.

## **ARTICLE IX**

### **CONFLICTING PROVISIONS**

In case any of these By-Laws conflict with any provisions of the laws of the State of California, such conflicting By-Laws shall be null and void upon final court determination to such effect, but all other By-Laws shall remain in full force and effect. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Lake Declaration and these By-Laws, the Lake Declaration shall control.

## **ARTICLE X**

### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Except to the extent that such liability, damage or injury is covered by insurance proceeds, the Board of Directors may authorize the Lake Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against a present or former Director, Delegate, officer, any member of the Lake Management Committee or other committee, or employee of the Lake Association in an action brought by a third party against such person, whether or not the Lake Association is joined as a party defendant, to impose a liability or penalty on such person for an act alleged to have been committed by such person while Director, Delegate, officer, committee member or employee; provided the Board of Directors determines in good faith that such Director, Delegate, officer, committee member or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the Lake Association or its Members. Notwithstanding the foregoing, in no event shall any officer, director or employee of Grantor serving in such capacity as an appointed of Grantor be entitled to such indemnification. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Article shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a Director, Delegate, officer, committee member or employee, and the term "person" where used in this Article shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

## **ARTICLE XI**

### **MISCELLANEOUS**

**Section 1. Checks, Drafts and Documents.** 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 Lake Association, 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 of Directors.

**Section 2. Execution of Documents.** The Board of Directors, except as in these By-Laws or the Lake Declaration otherwise provided, may authorize any officer or officers,

agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Lake Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Lake Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

**Section 3. Inspection of By-Laws.** This corporation shall keep in its office for the transaction of business the original or a copy of these By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Delegates and the Members at all reasonable times during regular office hours.

**Section 4. Fiscal Year.** The fiscal year of the Lake Association shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

**Section 5. Membership Book.** The Lake Association shall keep and maintain in its office for the transaction of business a membership book containing the name and address of each Member. Termination or transfer of any membership shall be recorded in the book, together with the date on which the membership ceased or was transferred, in accordance with the provisions of the Lake Declaration.

**Section 6. Membership Certificates.** The Lake Association may provide for the issuance of certificates and cards, in a form which it shall determine, evidencing membership in the Lake Association. Such certificates and cards shall be numbered and shall contain the name and address of the Member. The date of issuance of any certificate or card shall be entered into the records of the Lake Association by the Secretary of the Lake Association. If any certificate or card is lost, mutilated or destroyed, a new certificate or card may be issued upon such terms and conditions as the Board of Directors may direct.

## ARTICLE XII

### **NOTICE AND HEARING PROCEDURE**

**Section 1. Suspension of Privileges and Reimbursement Assessments.** In the event of an alleged violation of the Lake Declaration, these By-Laws, the Lake Management Committee Rules or the Board Rules and Regulations, and after written notice of such alleged failure is given to the Member or to anyone in his Family, or to any tenant of any Member, or to anyone in any tenant's family alleged to be in default in the manner herein provided, the Board of Directors shall have the right, after an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all members of the Board to take any one or more of the following actions: (1) levy a Reimbursement Assessment as provided in the Lake Declaration, (2) suspend or condition the right of said Member and his Family, or, if the alleged default is that of tenant, the right of such tenant or such tenant's Family, to the use and enjoyment of the Lake Association Properties, or (3) to suspend said Member's voting privileges as a Member, as further provided in the Lake Declaration. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed

for so long as the violation continues. The failure of the Board or the Lake Management Committee to enforce the Lake Management Committee Rules, or the failure of the Board to enforce the Board Rules and Regulations or these By-Laws or the Lake Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these By-Laws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Lake Association prescribed by these By-Laws, the Board Rules and Regulations by the Lake Management Committee Rules before that Member may resort to a court of law for relief with respect to any alleged violation of the Lake Declaration, these By-Laws, the Board Rules and Regulations or the Lake Management Committee Rules by another Member; provided, however, that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of General Assessments, Special Assessments or Reimbursement Assessments.

**Section 2. Written Complaint.** A hearing to determine whether a right or privilege of Member, a tenant of a Member, or any of such Member's or tenant's Family ("respondent") under the Lake Declaration or these By-Laws should be suspended or conditioned, or whether a Reimbursement Assessment should be levied shall be initiated by the filing of a written Complaint by any Member or by any officer or member of the Board of Directors with the President of the Lake Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, to the end that the respondent will be able to prepare his defense. The Complaint shall specify the particular provisions of the Lake Declaration, these By-Laws, the Board Rules and Regulations or the Lake Management Committee Rules which the respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provisions without supporting facts.

**Section 3. Service of Complaint.** Upon the filing of the Complaint, the President shall serve a copy thereof on the respondent by any of the following means: Service shall be (1) given personally, (2) sent by registered or certified mail, return receipt requested, and addressed to the Condominium or Lot of the respondent, or (3) posted on the respondent's Lot or Condominium and in the office of the Lake Association. Service by mailing or posting shall be deemed made and effective two (2) days after such mailing in a regular depository of the United States mail or two (2) days after such posting. The Complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the respondent, or on behalf of the respondent will constitute a notice of defense hereunder. The copy of the Complaint shall be accompanied by: (1) a Statement that the respondent may request a hearing before a Tribunal, in a form substantially as provided in Article XII, Section 4, and (2) a copy of Article XII of these By-Laws. No order adversely affecting the rights of the respondent shall be made in any case, unless the respondent shall have been served as provided herein.

**Section 4. Statement to Respondent.** The Statement accompanying the Complaint to the respondent shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is

delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint was served upon you, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Directors at the following address:\_\_\_\_\_

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact

\_\_\_\_\_.”

**Section 5. Notice of Defense.** The Notice of Defense shall state that the respondent may:

- (a) Request a hearing;
  - (b) Object to the Complaint upon the grounds that it does not state acts or omissions upon which the Board of Directors may proceed;
  - (c) Object to the form of the Complaint on the grounds that it is so indefinite or uncertain that the respondent cannot identify the violating behavior or prepare his defense;
- or
- (d) Admit tot he Complaint in whole or in part.

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense. Any objections to the form or substance of the Complaint shall be considered by the Tribunal within ten (10) days of their receipt. The Tribunal shall make its determination and notify all parties within said ten (10) day period. If the Complaint is insufficient, the complaining party shall have seven (7) days within which to amend the Complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any Amended or supplemental Complaint. If it is determined by the Tribunal that the Complaint is still insufficient, then the matter shall be dismissed by the Tribunal.

**Section 6. Amended or Supplemental Complaint Before Submission to Tribunal.**

At any time before the matter is submitted to the Tribunal for its findings of fact and recommendations, the Board may file or permit the filing of an Amended or Supplemental Complaint. All parties shall notified thereof in the manner herein provided. If the Amended o Supplemental Complaint presents new charges, the Board of Directors shall afford the

respondent a reasonable opportunity to prepare his defense thereto. All new charges shall be deemed controverted, and any objections to the Amended or Supplemental Complaint may be made orally and shall be noted in the record of proceedings.

**Section 7. Discovery.** After initiation of a proceeding in which the respondent is entitled to a hearing on the merits, the respondent and the party filing the Complaint or Supplemental Complaint, upon written request made to the other party, prior to the hearing and within fifteen (15) days after service by the Board of Directors of the Complaint or within ten (10) days after service of any Amended or Supplemental Complaint, is entitled to (1) obtain the names and addresses of witnesses to the extent known to the other party and (2) inspect and make a copy of any statements, writings and investigative reports, relevant to the subject matter of the hearing. Nothing in this Section, however, shall authorize the inspection or copying of any writing or thing which is privileged from disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request for discovery has not been complied with shall submit a petition to complete discovery with the Tribunal appointed by the President. The Tribunal shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

**Section 8. Tribunal.** The President shall appoint, from the Members of the Lake Association, a Tribunal Committee ("Tribunal") of three (3) persons upon receipt of a written Complaint as provided in Section 2 of this Article. No member of the Tribunal shall be a Director of the Lake Association or a member of the Lake Management Committee, nor shall any members of the Tribunal be involved in any prior investigation of the matter on behalf of the Board or the Lake Management Committee nor related by blood or marriage to either the complaining party or the respondent. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next door neighbors of the respondent or any Members of the Lake Association who are witnesses to the alleged violation giving rise to the Complaint. The appointment by the President shall be final, except that the respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence of the hearing. In the event of such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained, the President shall appoint another member of the Lake Association to replace the challenged member of the Tribunal. All decisions of the Board of Directors in this regard shall be final. The Tribunal shall elect a Chairman and appoint a hearing officer who shall be legally trained and a Recorder to present evidence and to ensure that a proper record of all proceedings is maintained by a qualified reporter. The Chairman shall preside at the hearing, but the hearing officer shall rule on the admission and exclusion of evidence and advise the Tribunal on matters of law. The Tribunal shall exercise all other powers relating to the conduct of the hearing.

**Section 9. Notice of Hearing.** The Tribunal shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the service of the Complaint as provided in Section 3 of this Article XII. The notice to the respondent shall be substantially in the following form but may include other information:

“You are hereby notified that a hearing will be held before a Tribunal appointed by the President of the Lake Mission Viejo Association at \_\_\_\_\_

\_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at the hour of \_\_\_\_\_, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Lake Mission Viejo Association.”

**Section 10. Depositions and Written Interrogatories.** On verified petition of any party, the Board of Directors, upon recommendation by the Tribunal, may order that the testimony of any material witness residing within the Subject Property be taken by deposition in the manner prescribed by California law for depositions and written interrogatories in civil actions brought in the courts of the State of California. The petition shall set forth the nature of the pending proceeding, the name and address of the witness whose testimony is desired, a showing of the materiality of his testimony, a showing that the witness will be unable to attend, and shall request an order requiring the witness to appear and testify before the Secretary of the Lake Association.

**Section 11. Affidavits.**

(a) At any time ten (10) or more days prior to a hearing or a continued hearing, any party may mail or deliver to the opposing party a copy of any affidavit which he proposes to introduce in evidence, together with a notice as provided in subdivision (b). Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine an affiant, his right to cross-examine such affiant is waived and the affidavit is introduced if evidence shall be given the same effect as if the affiant had testified orally. If an opportunity to cross-examine an affiant is not afforded after request therefor is made as herein provided, the affidavit may be introduced in evidence, but shall be given only the same effect as other hearsay evidence.

(b) The notice referred to in subdivision (a) shall be substantially in the following form:

“The accompanying affidavit of \_\_\_\_\_ will be introduced as evidence at the hearing in the matter of \_\_\_\_\_ before a Tribunal of the Lake Mission Viejo Association. \_\_\_\_\_ will not be called to testify orally and you will not be entitled to question him unless you notify \_\_\_\_\_ that

you wish to cross-examine him. To be effective, your request must be mailed or delivered to \_\_\_\_\_ on or before \_\_\_\_\_ 19\_\_.

**Section 12. Hearing.**

(a) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member. Oral evidence shall be taken only on oath or affirmation administered by an officer of the Lake Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination; to impeach any witness regardless of which party first called him to testify; and to rebut the evidence against him. If respondent does not testify in his own behalf he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions.

Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

(d) Neither the accusing Member nor the allegedly defaulting Member must be in attendance at the hearing. The hearing shall be open to attendance by all Members of the Lake Association, to the extent of the permissible capacity of the hearing room. In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Lake Declaration, these By-Laws, the Board Rules and Regulations, the Lake Management Committee Rules, or the workings of the Lake Association. Parties present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings. The Tribunal may grant continuances on a showing of good cause.

**Section 13. Decision.** The hearing officer who was in attendance at the hearing, if any, shall assist and advise the Tribunal in making its decision. If the respondent fails to file a Notice of Defense as provided in Section 5 of this Article XII, or fails to appear at a hearing, the Tribunal may take action based upon the evidence presented to it without notice to the respondent. However, the respondent may make any showing by way of mitigation. The

Tribunal will prepare written findings of facts and recommendations for consideration by the Board of Directors. The Tribunal shall make its determinations, only in accordance with these By-Laws. After all testimony and documentary evidence has been presented to the Tribunal, the Tribunal shall vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal shall be posted by the Board of Directors at a conspicuous place in the Lake Association Properties, and a copy shall be served by the President on each party in the matter and his attorney, if any. Disciplinary action and levy of Reimbursement Assessment under the Lake Declaration, these By-Laws, the Board Rules and Regulations or the Lake Management Committee Rules shall be imposed only by the Board of Directors and in accordance with the findings and recommendations of the Tribunal. The Board of Directors may adopt the recommendations of the Tribunal in their entirety, or the Board may reduce the proposed penalty and adopt the balance of the recommendations of the Tribunal. In no event shall the Board impose more stringent disciplinary action or levy a larger Reimbursement Assessment than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective ten (10) days after it is served upon the respondent, unless otherwise ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within fifteen (15) days following service of its decision on the parties, on its own motion or on petition by any party.

**CERTIFICATE OF SECRETARY**

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of LAKE MISSION VIEJO ASSOCIATION, a California nonprofit corporation; and

2. The foregoing By-Laws comprising 24 pages including this page constitute the By-Laws of the corporation duly adopted at the meeting of the Board of Directors thereof duly held on \_\_\_\_\_, \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the corporation this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
SECRETARY

**EXHIBIT E**  
**CONTROL AREA**

**[Put map here]**

**EXHIBIT F**  
**DELEGATE DISTRICTS**

| <b><u>TRACT NUMBER</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT NUMBER</u></b> |
|----------------------------|----------------------------|--|
| 5737                       | MADRID                     | 15                                     |
| 5738                       | LA PAZ                     | 2                                      |
| 5890                       | DEANE                      | 12                                     |
| 5905                       | DEANE                      | 12                                     |
| 5909                       | DEANE                      | 12                                     |
| 5936                       | DEANE                      | 12                                     |
| 5985                       | LA PAZ                     | 1                                      |
| 6047                       | LA PAZ                     | 1                                      |
| 6171                       | LA PAZ                     | 1                                      |
| 6202                       | DEANE                      | 12                                     |
| 6203                       | DEANE                      | 12                                     |
| 6243                       | LA PAZ                     | 1                                      |
| 6254                       | MONTEREY                   | 13                                     |
| 6255                       | MISSION RIDGE              | 13                                     |
| 6290                       | LA PAZ                     | 1                                      |
| 6310                       | LA PAZ                     | 1                                      |
| 6323                       | DEANE                      | 12                                     |
| 6324                       | DEANE                      | 12                                     |
| 6325                       | DEANE                      | 12                                     |
| 6329                       | LA PAZ                     | 2                                      |
| 6333                       | ELDORADO                   | 8                                      |
| 6336                       | LA PAZ                     | 2                                      |

| <u>TRACT NUMBER</u> | <u>PROJECT NAME</u> | <u>DELEGATE DISTRICT NUMBER</u> |
|---------------------|---------------------|---------------------------------|
| 6340                | ELDORADO            | 8                               |
| 6360                | ELDORADO            | 8                               |
| 6363                | ELDORADO            | 8                               |
| 6367                | ELDORADO            | 8                               |
| 6393                | ELDORADO            | 8                               |
| 6414                | ELDORADO            | 8                               |
| 6423                | LA PAZ              | 2                               |
| 6439                | ELDORADO            | 8                               |
| 6440                | ELDORADO            | 8                               |
| 6471                | LA PAZ              | 2                               |
| 6491                | ELDORADO            | 9                               |
| 6492                | ELDORADO            | 9                               |
| 6493                | ELDORADO            | 9                               |
| 6506                | ELDORADO            | 10                              |
| 6534                | ELDORADO            | 8                               |
| 6543                | LA PAZ              | 3                               |
| 6545                | LA PAZ              | 2                               |
| 6546                | LA PAZ              | 2                               |
| 6550                | LA PAZ              | 3                               |
| 6611                | MADRID              | 14                              |
| 6640                | GRANADA             | 11                              |
| 6641                | GRANADA             | 11                              |
| 6642                | GRANADA             | 11                              |

| <u>TRACT NUMBER</u> | <u>PROJECT NAME</u> | <u>DELEGATE DISTRICT NUMBER</u> |
|---------------------|---------------------|---------------------------------|
| 6643                | GRANADA             | 11                              |
| 6683                | LA PAZ              | 3                               |
| 6706                | ELDORADO            | 10                              |
| 6707                | ELDORADO            | 9                               |
| 6708                | ELDORADO            | 9                               |
| 6714                | MISSION RIDGE       | 13                              |
| 6715                | MISSION RIDGE       | 13                              |
| 6760                | GRANADA             | 11                              |
| 6761                | GRANADA             | 11                              |
| 6783                | MADRID              | 15                              |
| 6759                | MADRID              | 14                              |
| 6821                | ELDORADO            | 10                              |
| 6835                | LA PAZ              | 3                               |
| 6836                | LA PAZ              | 3                               |
| 6837                | LA PAZ              | 3                               |
| 6838                | LA PAZ              | 3                               |
| 6845                | CORONADO            | 4                               |
| 6859                | MADRID              | 14                              |
| 6865                | SEVILLE             | 23                              |
| 6889                | CORONADO            | 4                               |
| 6936                | CORONADO            | 4                               |
| 6964                | MADRID              | 15                              |
| 6974                | CORONADO            | 4                               |

| <b><u>TRACT NUMBER</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT NUMBER</u></b> |
|----------------------------|----------------------------|--|
| 6975                       | CORONADO                   | 4                                      |
| 6997                       | MADRID                     | 15                                     |
| 7548                       | MADRID                     | 15                                     |
| 7026                       | MADRID                     | 15                                     |
| 7034                       | MISSION RIDGE              | 13                                     |
| 7069                       | MADRID                     | 14                                     |
| 7070                       | MADRID                     | 14                                     |
| 7071                       | MADRID                     | 14                                     |
| 7072                       | MADRID                     | 14                                     |
| 7106                       | SEVILLE                    | 23                                     |
| 7107                       | SEVILLE                    | 23                                     |
| 7108                       | SEVILLE                    | 23                                     |
| 7109                       | SEVILLE                    | 23                                     |
| 7110                       | SEVILLE                    | 23                                     |
| 7126                       | ELDORADO                   | 10                                     |
| 7129                       | SEVILLE                    | 23                                     |
| 7130                       | MADRID                     | 15                                     |
| 7131                       | ELDORADO                   | 10                                     |
| 7132                       | MADRID & ELDORADO          | 15                                     |
| 7133                       | ELDORADO                   | 9                                      |
| 7134                       | ELDORADO                   | 9                                      |
| 7135                       | ELDORADO                   | 9                                      |
| 7206                       | BARCELONA                  | 7                                      |

| <b><u>TRACT NUMBER</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT NUMBER</u></b> |
|----------------------------|----------------------------|--|
| 7210                       | ELDORADO                   | 10                                     |
| 7211                       | ELDORADO                   | 10                                     |
| 7212                       | ELDORADO                   | 15                                     |
| 7278                       | MADRID                     | 15                                     |
| 7293                       | MADRID                     | 15                                     |
| 7308                       | BARCELONA                  | 6                                      |
| 7317                       | ALISO VILLAS               | 21                                     |
| 7333                       | ALISO VILLAS               | 21                                     |
| 7336                       | ALISO VILLAS               | 21                                     |
| 7337                       | ALISO VILLAS               | 21                                     |
| 7527                       | ALISO VILLAS               | 22                                     |
| 7600                       | MADRID                     | 14                                     |
| 7679                       | BARCELONA                  | 6                                      |
| 7640                       | BARCELONA                  | 6                                      |
| 7680                       | BARCELONA                  | 6                                      |
| 7681                       | MADRID                     | 3                                      |
| 7682                       | MADRID                     | 3                                      |
| 7683                       | ELDORADO                   | 10                                     |
| 7726                       | BARCELONA                  | 6                                      |
| 7727                       | BARCELONA                  | 6                                      |
| 7752                       | CASTA DEL SOL              | 5                                      |
| 7775                       | BARCELONA                  | 6                                      |
| 7807                       | BARCELONA                  | 6                                      |

| <b><u>TRACT NUMBER</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT NUMBER</u></b> |
|----------------------------|----------------------------|--|
| 7821                       | CASTA DEL SOL              | 5                                      |
| 7822                       | CASTA DEL SOL              | 5                                      |
| 7823                       | CASTA DEL SOL              | 5                                      |
| 7824                       | CASTA DEL SOL              | 5                                      |
| 7825                       | CASTA DEL SOL              | 5                                      |
| 7826                       | CASTA DEL SOL              | 5                                      |
| 7865                       | BARCELONA                  | 6                                      |
| 7922                       | CASTILLE                   | 20                                     |
| 7955                       | CASTA DEL SOL              | 5                                      |
| 7956                       | MADRID                     | 16                                     |
| 7959                       | CASTILLE                   | 20                                     |
| 7960                       | CASTILLE                   | 20                                     |
| 7961                       | CASTILLE                   | 20                                     |
| 7962                       | CASTILLE                   | 20                                     |
| 7963                       | CASTILLE                   | 20                                     |
| 7964                       | CASTILLE                   | 20                                     |
| 7965                       | BARCELONA                  | 6                                      |
| 7966                       | CASTILLE                   | 20                                     |
| 8042                       | MADRID                     | 16                                     |
| 8043                       | MADRID                     | 16                                     |
| 8044                       | MADRID                     | 16                                     |
| 8045                       | MADRID                     | 16                                     |
| 8046                       | MADRID                     | 16                                     |

| <u>TRACT NUMBER</u> | <u>PROJECT NAME</u> | <u>DELEGATE DISTRICT NUMBER</u> |
|---------------------|---------------------|---------------------------------|
| 8047                | MADRID              | 16                              |
| 8048                | MADRID              | 16                              |
| 8053                | BARCELONA           | 6                               |
| 8054                | BARCELONA           | 7                               |
| 8055                | BARCELONA           | 7                               |
| 8056                | BARCELONA           | 7                               |
| 8057                | BARCELONA           | 7                               |
| 8058                | BARCELONA           | 7                               |
| 8059                | BARCELONA           | 7                               |
| 8060                | BARCELONA           | 7                               |
| 8061                | BARCELONA           | 7                               |
| 8062                | BARCELONA           | 7                               |
| 8063                | BARCELONA           | 7                               |
| 8066                | MADRID FORE         | 13                              |
| 8199                | CASTILLE            | 19                              |
| 8228                | ALISO VILLAS        | 22                              |
| 8229                | ALISO VILLAS        | 22                              |
| 8230                | ALISO VILLAS        | 22                              |
| 8231                | ALISO VILLAS        | 22                              |
| 8407                | CASTILLE            | 18                              |
| 8498                | LA MANCHA           | 24                              |
| 8499                | LA MANCHA           | 24                              |
| 8500                | LA MANCHA           | 24                              |

| <b><u>TRACT NUMBER</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT NUMBER</u></b> |
|----------------------------|----------------------------|--|
| 8501                       | MADRID                     | 13                                     |
| 8502                       | LA MANCHA                  | 24                                     |
| 8503                       | LA MANCHA                  | 24                                     |
| 8504                       | CORDOVA                    | 17                                     |
| 8585                       | CASTILLE                   | 19                                     |
| 8586                       | MADRID                     | 19                                     |
| 8587                       | CASTILLE                   | 19                                     |
| 8588                       | MADRID                     | 19                                     |
| 8589                       | MADRID                     | 19                                     |
| 8732                       | CASTILLE                   | 19                                     |
| 8748                       | MADRID                     | 18                                     |
| 8750                       | CASTILLE                   | 18                                     |
| 8751                       | MADRID                     | 18                                     |
| 8752                       | CASTILLE                   | 18                                     |
| 8753                       | MADRID                     | 18                                     |
| 8761                       | CASTA DEL SOL              | 5                                      |
| 8769                       | CORDOVA                    | 17                                     |
| 8845                       | CORDOVA                    | 17                                     |
| 8846                       | CORDOVA                    | 17                                     |
| 8847                       | CORDOVA                    | 17                                     |
| 8848                       | CORDOVA                    | 17                                     |
| 8849                       | CORDOVA                    | 17                                     |
| 8850                       | CORDOVA                    | 17                                     |

| <b><u>TRACT NUMBER</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT NUMBER</u></b> |
|----------------------------|----------------------------|--|
| 8851                       | CORDOVA                    | 17                                     |
| 8852                       | CORDOVA                    | 17                                     |
| 8853                       | CORDOVA                    | 17                                     |
| 8877                       | CORDOVA                    | 17                                     |
| 8878                       | LA MANCHA                  | 24                                     |
| 8879                       | LA MANCHA                  | 24                                     |
| 8926                       | MADRID                     | 13                                     |
| 8927                       | MADRID                     | 13                                     |
| 8941                       | CASTA DEL SOL              | 5                                      |
| 8942                       | CASTA DEL SOL              | 5                                      |
| 9018                       | CASTILLE                   | 25                                     |
| 9019                       | CASTILLE                   | 25                                     |
| 9020                       | CASTILLE                   | 25                                     |
| 9021                       | CASTILLE                   | 25                                     |
| 9022                       | CASTILLE                   | 25                                     |
| 9023                       | CASTILLE                   | 25                                     |
| 9048                       | CASTA DEL SOL FIESTA       | 5                                      |
| 9049                       | CASTA DEL SOL FIESTA       | 5                                      |
| 9050                       | CASTA DEL SOL FIESTA       | 5                                      |
| 9051                       | CASTA DEL SOL FIESTA       | 5                                      |
| 9052                       | CASTA DEL SOL FIESTA       | 5                                      |
| 9053                       | CASTA DEL SOL FIESTA       | 5                                      |
| 9054                       | CASTA DEL SOL FIESTA       | 5                                      |

| <b><u>TRACT NUMBER</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT NUMBER</u></b> |
|----------------------------|----------------------------|--|
| 9078                       | MADRID                     | 19                                     |
| 9251                       | CORDOVA                    | 27                                     |
| 9252                       | CORDOVA                    | 27                                     |
| 9253                       | CORDOVA                    | 27                                     |
| 9254                       | CORDOVA                    | 27                                     |
| 9255                       | CORDOVA                    | 27                                     |
| 9256                       | CORDOVA                    | 27                                     |

| <b><u>PARCEL MAPS</u></b> | <b><u>PROJECT NAME</u></b> | <b><u>DELEGATE DISTRICT</u></b> |
|---------------------------|----------------------------|---------------------------------|
| 1603                      | MADRID                     | 13                              |
| 1604                      | MADRID                     | 13                              |
| 1637                      | MADRID                     | 13                              |
| 8701X                     | MADRID FORE                | 13                              |

**EXHIBIT G**  
**PIER HEAD LINE**

**[Put map here]**