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STRATHMORE OXNARD COMPANY
3401 West Fifth Street
Suite 220
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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RIVER RIDGE FAIRWAYS

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FOR
RIVER RIDGE FAIRWAYS

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
RIVER RIDGE FAIRWAYS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 14th day of October, 1985, by STRATHMORE OXNARD COMPANY, a general partnership, hereinafter called "Declarant".

ARTICLE I
PREAMBLE

1.01 THIS DECLARATION is made and with reference to the facts set forth in this Article.

1.02 Declarant is the owner of that certain real property situated in the City of Oxnard, County of Ventura, State of California, more particularly described as follows:

Lots 310 through 368, inclusive, of Tract No. 3384-6 and Lot D, of Tract No. 3384-5, as shown on the Map recorded in Book __, Pages __ through __, inclusive, on _____, 198_, in the Office of the County Recorder of the County of Ventura, State of California.

1.03 It is the desire and intention of Declarant to subdivide and develop all of the real property referred to in paragraph 1.02 above, as a planned residential development and to provide for the preservation of the values and amenities in the development of said land. To this objective, Declarant desires and intends to impose on said real property mutually beneficial covenants, conditions and restrictions under a general plan of improvement for the benefit of all of the subject lots and of the subject Common Area and the future owners of said Lots, Common Area.

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
RIVER RIDGE FAIRWAYS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 3rd day of March, 1988, by STRATHMORE OXNARD COMPANY, a general partnership, hereinafter called "Declarant".

ARTICLE I
PREAMBLE

1.01 THIS DECLARATION is made and with reference to the facts set forth in this Article.

1.02 Declarant is the owner of that certain real property situated in the City of Oxnard, County of Ventura, State of California, more particularly described as follows:

Lots 310 through 368, inclusive, of Tract No. 3384-6, as shown on the Map recorded in Book 111, Pages 2 through 5, inclusive, on January 6, 1988, in the Office of the County Recorder of the County of Ventura, State of California.

1.03 It is the desire and intention of Declarant to subdivide and develop all of the real property referred to in paragraph 1.02 above, as a planned residential development and to provide for the preservation of the values and amenities in the development of said land. To this objective, Declarant desires and intends to impose on said real property mutually beneficial covenants, conditions and restrictions under a general plan of improvement for the benefit of all of the subject lots and of the subject Common Area and the future owners of said Lots, Common Area.

1.04 It is contemplated that Declarant shall cause to be developed, pursuant to the provisions of Article III herein, the real property referred to as Lots 264 through 309, inclusive, of Tract Magp 3384-5.

ARTICLE II
DEFINITION

Unless the context otherwise specifies or requires, the terms defined in this Article II shall, for all purposes of this Declaration, have the meanings herein specified.

2.01 Architectural Committee: The term "Architectural Committee" shall mean the committee created pursuant to Article IX.

2.02 Architectural Committee Rules: The term "Architectural Committee Rules" shall mean rules adopted by the Architectural Committee pursuant to Section 9.05.

2.03 Articles: The term "Articles" shall mean the Articles of Incorporation of the River Ridge Fairways Homeowners Association which are or shall be filed in the Office of the Secretary of State of the State of California.

2.04 Association: The term "Association" shall mean the River Ridge Fairways Homeowners Association, the Non-Profit Mutual Benefit Corporation described in Article VI, including its successors and assigns.

2.05 Beneficiary: The term "Beneficiary" shall mean a mortgage under a mortgage as well as a beneficiary under a deed of trust irrespective of whether it is all-inclusive or conventional.

2.06 Board: The term "Board" shall mean the Board of Directors of the River Ridge Fairways Homeowners Association.

2.07 Bylaws: The term "Bylaws" shall mean the Bylaws of the River Ridge Fairways Homeowners Association, which are or shall be adopted by the Board.

2.08 Committee: The term "Committee" shall mean the Architectural Committee.

2.09 Common Area: The term "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

2.10 Declaration: The term "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for River Ridge Fairways, as this Declaration may from time to time be amended.

2.11 Declarant: The term "Declarant" shall mean Strathmore Oxnard Company, a general partnership, its successors or assigns, if such successors or assigns shall acquire five (5) or more lots for the purpose of resale to another person.

2.12 Family: The term "Family" shall mean one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not all so related, together with their domestic servants, who maintain a common household in a Residence.

2.13 Improvements: The term "Improvements" shall include buildings, outbuildings, roads, driveways, parking areas, fences, screening walls, retaining walls, irrigation systems, stairs, decks, hedges, windbreaks, plantings, planted

trees and shrubs, poles, signs and all other structures or landscaping improvements of every type and kind.

2.14 Lot: The term "Lot" shall mean any plot of land or parcel shown upon any recorded Subdivision Map for River Ridge Fairways with the exception of the Common Area.

2.15 Manager: The term "Manager" shall mean any person, partnership, or corporation appointed as such pursuant to paragraph (b) of Section 6.08.

2.16 River Ridge Fairways: The term "River Ridge Fairways" shall mean all of the real property referred to in Section 1.02, as the same is now and as it may, from time to time, be developed and improved, together with such portions of real property located in the City of Oxnard, County of Ventura, State of California, as to which one or more Supplemental Declarations have been then recorded incorporating this Declaration and making such real property subject hereto, pursuant to Section 3.02 hereof.

2.17 River Ridge Fairways Restrictions: The term "River Ridge Fairways Restrictions" shall mean the within Declaration, as said Declaration may be amended from time to time.

2.18 River Ridge Fairways Rules: The term "River Ridge Fairways Rules" shall mean the rules adopted by the Board of the Association, as they may from time to time be in effect pursuant to the provisions of Section 6.09.

2.19 Member: The term "Member" shall mean a person who is a member of the Association pursuant to Section 6.02.

2.20 Operating Fund: The term "Operating Fund" shall

mean the fund created for the receipts and disbursements of the Association, pursuant to Section 7.01.

2.21 Owner: The term "Owner" shall mean the record owner, whether one or more persons or entities, of the fee title to any Lot or Residence situated within River Ridge Fairways including contract sellers, but excluding those having such interest merely as security for the performance of an obligation by contract purchasers, in which case such contract purchasers shall be deemed the record owners.

2.22 Public Purchaser: The term "Public Purchaser" shall mean a purchaser who is unrelated to Declarant or any corporation, partnership, joint venture or other business entity in which Declarant has an ownership interest or over which (in this context including persons) Declarant exercises contractual or other control relating to the improvement, development or sale of real property within River Ridge Fairways.

2.23 Residence. The term "Residence" shall mean a dwelling structure situated upon a lot designed or arranged for use and occupancy as a residence by a single family.

2.24 Single Family Residential Use: The term "Single Family Residential Use" shall mean occupation and use of a residence in conformity with the River Ridge Fairways Restrictions and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations.

2.25 Subdivision Map: The term "Subdivision Map" shall mean (a) any final subdivision or parcel map within the meaning of the provisions of Division 2 of Title 7 of the California Government Code, as such provisions may from time to time be amended, or (b) any final record of survey map within the meaning of the provisions of Section 8762, et seq.

of the Business and Professions Code of the State of California, as such provisions may from time to time be amended.

2.26 Visible from Neighboring Property: The phrase "visible from neighboring property" shall mean, with respect to any given object on any given Lot, that such object is or would be readily observable with the naked eye from ground level on a neighboring Lot or public or private right-of-way.

ARTICLE III
PROPERTY SUBJECT TO RESTRICTIONS

3.01 Imposition of Restrictions: Declarant hereby declares that all of River Ridge Fairways is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the River Ridge Fairways Restrictions, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of River Ridge Fairways and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability and attractiveness of said real property and every part thereof. All of the River Ridge Fairways Restrictions shall run with said real property and shall be binding upon and inure to the benefit of the Declarant, the Association, each Owner of a Lot in River Ridge Fairways and each successor in interest of such Owners. Each and all of the covenants, conditions, restrictions, limitations, easements, uses and obligations contained herein shall be deemed to be and shall be construed as equitable servitudes enforceable by any of the Owners of any Lot against any other Owners, tenants or occupants within River Ridge Fairways, or any portion thereof.

3.02 Annexation: Additional real property may be annexed to River Ridge Fairways and become subject to this

Declaration by the methods hereinafter set forth:

(a) Additions by Declarant. If Declarant shall develop or cause to be developed the additional real property described as Lots 264 through 309, inclusive, and the streets and common areas contiguous thereto, Declarant shall have the right to annex such additional real property to River Ridge Fairways and to bring such real property within the general plan and scheme of this Declaration without the approval of the Association, its Board or Members; provided, however, that said right of Declarant shall terminate three (3) years from the date of the original issuance of the most recently issued public report for River Ridge Fairways.

(b) Other Additions. Additional real property may be annexed to River Ridge Fairways and brought within the general plan and scheme of this Declaration upon the approval by the vote or written consent of Members entitled to exercise not less than two-thirds (2/3) of the voting power of each class of membership of the Association so long as there is a Class B membership outstanding and, thereafter by the vote or written consent of Members entitled to exercise not less than two-thirds of the voting power residing in Members other than Declarant. Upon obtaining the requisite approval pursuant to this paragraph (b), the owner of any real property who desires to annex it to River Ridge Fairways and subject it to the jurisdiction of the Association shall file or record a Supplemental Declaration as more particularly described in paragraph (d), below.

(c) Conveyance of Common Area. Prior to the conveyance of any Lot within the real property annexed from the area described in Section 3.02(a) hereinabove to the purchasers thereof for Single Family Residential Use, title to the Common Area within said annexed real property, if any, shall be conveyed to the Association, free and clear of any and all encumbrances and liens, except current real property taxes, which taxes shall be prorated to the date of transfer, and reservations, easements, covenants, conditions and

restrictions then of record, including those set forth in this Declaration.

(d) Supplemental Declarations. The additions authorized under paragraphs (a) and (b) of this Section 3.2 shall be made by filing of record a Supplemental Declaration, or other similar instrument, with respect to the additional real property which shall be executed by the owner thereof and shall extend the general plan and scheme of this Declaration to such real property. The filing of record of said Supplemental Declaration shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said real property shall become and constitute a part of River Ridge Fairways, become subject to the functions, powers and jurisdiction of the Association, and the Owners of Lots in said real property shall automatically become members of the Association.

Such Supplemental Declaration may contain such additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such Supplemental Declaration revoke, modify, or add to the covenants, conditions, and restrictions established by this Declaration as the same pertain to River Ridge Fairways, except as hereinafter may be provided.

ARTICLE IV

PROPERTY RIGHTS: SINGLE FAMILY AREA

4.01 Permitted Uses and Limitations: River Ridge Fairways shall consist of Lots either (a) restricted to a Single Family Residential Use or (b) constituting a part of the Common Area. All Lots within River Ridge Fairways shall be for the exclusive use and benefit of the Owners thereof; subject, however, to all of the limitations and restrictions

set forth in this Article IV and to the additional limitations set forth in Article V which are applicable to such portions of the Lots as may constitute a part of the Common Area.

(a) Single Family Residential Use: Each Lot within River Ridge Fairways shall be improved and used exclusively for Single Family Residential Use. No gainful occupation, profession, trade or other nonresidential or multi-residential use shall be conducted or permitted on any Lot or in any building situated thereto. Nothing herein shall be deemed to prevent the leasing of any Lot from time to time by its Owner subject to all of the provisions of these Restrictions.

(b) Improvements, Alterations and Repairs: No improvement, repair, excavation or other work which in any way alters the exterior appearance of any Lot from its natural or improved state existing on the date such Lot was first conveyed by Declarant to an Owner shall be made or done without the prior approval of the Architectural Committee given pursuant to the terms of Article IX hereof, except as specifically authorized herein.

(c) Temporary Occupancy: No trailer, incomplete building, tent, shack, garage or barn, and no temporary building or structure of any kind shall be used at any time for a Residence, either temporarily or permanently. Temporary buildings or structures used during the construction or improvement of a Residence shall be expressly approved by the Architectural Committee and shall be removed immediately after the completion of construction.

(d) Trailers, Boats and Motor Vehicles: The use of automobiles, motorcycles, or motor-driven vehicles of any kind, other than landscape maintenance equipment, upon any Lot subject to this Declaration shall be limited to the paved driveway and garage areas approved by the Architectural Committee. No mobile home, trailer of any kind, permanent tent, or similar structure, and no truck camper or recreational motor home, or boat, or boat trailer, nor any motor vehicle

shall be placed, maintained, constructed, reconstructed or repaired, upon any Lot within River Ridge Fairways except upon prior approval of the Association and in no case in such a manner as will be visible from neighboring property; provided, however, that the provisions of this paragraph shall not apply to emergency repairs of vehicles or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any work of improvement approved by the Architectural Committee. No abandoned vehicles of any nature shall be parked or stored on any Lot within River Ridge Fairways.

(e) Provision and Maintenance of Lawns, Plantings and Landscaping: Each Owner of a Lot shall keep all shrubs and trees, grass and plantings of every kind on such Lot properly maintained, trimmed, fertilized and cultivated and free of trash and other unsightly material. Each Owner shall perform all necessary rodent control activities on his Lot. No Owner shall remove, alter, injure or interfere in any way with any lawn, ground cover, tree or shrub placed in any area by Declarant or the Association without the written consent of the Association having first been obtained.

(f) Nuisances: No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors shall be permitted to arise therefrom, so as to render any Lot or portion thereof unsanitary, unsightly, offensive, or detrimental to any of the property in the vicinity thereof or to the occupants thereof. No nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any property in the vicinity thereof or to its occupants.

(g) Trash Containers and Collection: All garbage and trash shall be placed and kept in covered containers of a type and style which will prevent such garbage and trash from being dispersed by wind conditions or interference by animals. In no event shall such containers be maintained where they would be visible from neighboring property, except when neces-

sary to make the same available for rubbish collection and then only for a maximum period of twenty-four (24) hours.

(h) Clothes Drying Facilities: Outside clotheslines or other outside clothes drying or airing facilities shall be maintained exclusively within a fenced service yard or otherwise concealed so that they are not visible from neighboring property.

(i) Fences: No fences, hedges, or walls shall be erected or maintained on any Lot other than as are initially installed by Declarant, unless first approved by the Architectural Committee.

(j) Barbecues: There shall be no exterior fires whatsoever except barbecue fires contained within receptacles designed for such purposes.

(k) Mineral Exploration: No property within River Ridge Fairways shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind.

(l) Machinery and Equipment: No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot within River Ridge Fairways except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a private residence or appurtenant structures or the performance of activities which are equipment shall be maintained and located in such manner as to not become a nuisance to adjacent Owners and to be not visible from neighboring property.

(m) Diseases and Insects: No Owner shall permit any thing or condition to exist upon his Lot which shall induce, breed, or harbor infectious plant diseases, or noxious or nuisance insects.

(n) Restrictions on Further Subdivision: No Lot shall be further subdivided nor shall any less than all of any such Lot be conveyed by an Owner thereof, nor shall any easement or other interest in a Lot be conveyed without the prior

written approval of the Architectural Committee.

(o) Signs: No signs whatsoever (including but without limitation, commercial, political and similar signs) which are visible from neighboring property shall be erected or maintained on any Lot within River Ridge Fairways except:

(1) Such signs as may be required by legal proceedings;

(2) Residential identification signs, subject to the approval of the Architectural Committee as to suitability;

(3) During the time of construction of any residence or other improvement by Declarant, job identification signs; and

(4) Not more than one "for sale" or "for rent" sign of reasonable and customary dimensions as determined pursuant to Civil Code section 712 of the State of California hung from a 4" x 4" arm mounted on a 4" x 4" upright post.

(p) Right of Entry: After reasonable notice and during reasonable hours Declarant or any member of the Architectural Committee or any member of the Board, or any authorized representative or any of them, shall have the right to enter upon and inspect any building, site, lot or parcel and the improvements thereon for the purpose of ascertaining whether or not the provisions of these Restrictions have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry. The right of entry possessed by Declarant pursuant to this paragraph (q) shall terminate concurrently with the cessation of the Class B membership.

4.02 Construction and Alteration of Improvements: No installation, construction or alteration of exterior improvements, including front yard landscaping or landscaping visible from neighboring property, may be undertaken on a Lot without

prior approval of the Architectural Committee pursuant to Article IX of this Declaration.

4.03 Maintenance, Repair and Reconstruction: No building or structure on any Lot shall be permitted to fall into disrepair and the landscaping thereon shall be maintained and kept adequately watered and weed free. Each such building and structure shall at all times be kept in good condition and repair and be adequately painted or otherwise finished. No Owner shall do any act or work that will impair the structural soundness of any building or the safety of the property. If any improvements on a Lot are damaged or destroyed by fire or any other calamity, the insurance proceeds shall be paid to the Owner of said Lot, or the mortgagees thereof, as their respective interests may appear, and such Owner or mortgagee shall use said proceeds to rebuild or repair the damage.

In the event the Owner does not commence such rebuilding or repair within a reasonable time, the Association may bring suit for an injunction to compel the Owner to perform the rebuilding or repair. Such a reasonable time shall be presumed to be no greater than one year.

4.04 Drainage: No obstruction, diversion, bridging, pollution or confining of drainage courses or of existing channels through which storm surface water naturally flows upon and across any Lot shall be made by any Owner in such a manner as to threaten or cause increased drainage to adjacent Lots. Any improvement or alteration of a Lot which would affect the drainage pattern established upon the initial grading of the Lot proposed to be improved or altered or the drainage pattern of any adjoining Lot shall be disapproved by the Architectural Committee unless the Architectural Committee specifically determines that alternative suitable drainage is provided in the improvement or alteration plans submitted by the Owner.

ARTICLE V
COMMON AREA

5.01 Common Area: Subject to the provisions of paragraph (b), below, every Member shall have a right and easement of enjoyment in and to the Common Area, and such easement shall be appurtenant to and pass with the title to each Lot. The rights described in this Article V may not be severed from the Lot to which they appertain and any attempted separate conveyance or alienation thereof shall be void.

(a) Title to Common Area. Prior to the conveyance of the first Lot in River Ridge Fairways to a Public Purchaser, Declarant shall convey to the Association title to the Common Area, free and clear of all liens and encumbrances, except current real property taxes, which taxes shall be prorated to the date of transfer, and reservations, easements, covenants, conditions and restrictions then of record, including those set forth in this Declaration.

(b) Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(1) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities thereon, if any, and in aid thereof to mortgage or deed, in trust, said Common Area; provided, however, that the rights of the Beneficiary shall be subordinate to the rights of Members and provided, further, that any action taken by the Association pursuant to this subsection must be authorized by the vote or written consent of not less than two-thirds (2/3) of the voting power of the Association residing in Members a other than Declarant.

(2) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure, including, but not limited to, the power and duty to pay any taxes and assessments which are, or

could become a lien on the Common Area or any portion thereof.

(3) The right of the Association, as provided in its Bylaws, to suspend the voting rights of any Member for any period during which any assessment as to such Member remains unpaid and delinquent and, as provided in Section 6.10 of this Declaration, for a period of not to exceed thirty (30) days for any infraction of its published rules and regulations.

(4) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless approved by the vote or written consent of Members entitled to exercise not less than two-thirds (2/3) of the voting power of the Association residing in Members other than Declarant and an instrument in writing is recorded and signed by the Secretary of the Association certifying that such dedication or transfer has been approved by the required vote.

(5) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and the facilities thereon.

5.02 Common Area: Permitted Uses, Construction and Alteration of Improvements: The Common Area shall be operated, maintained and used to meet the common interests of the Members of the Association, their tenants and guests as provided by this Declaration.

(a) Limitation on Construction: No person other than the Association or its duly authorized agents, shall construct, reconstruct, install, alter or maintain any improvement or fence upon, or shall make or create any excavation or fill upon, or shall destroy or remove any tree, shrub or other vegetation upon any portion of the Common Area without the prior permission of the Association.

(b) Maintenance by Association: The Association may at any time, and from time to time, as to any Common Area which has been placed under its jurisdiction:

(1) Reconstruct, replace or repair any improvement or portion thereof upon such area in accordance with the original design, condition or standard of such improvement when responsibility for the care of such Common Area was assumed by the Association; and

(2) Replace injured or diseased trees or other vegetation in any such area and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes; and

(3) Maintain, repair, replace and reconstruct any drainage ditches, facilities or channels or storm water retention facilities situated within the Common Area; and

(4) Place and maintain upon any such area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof.

(c) Damage or Destruction of Common Area: In the event of any damage or destruction to the Common Area or any of the improvements or facilities located thereon, the Association shall immediately undertake to repair and reconstruct any such damage or destruction substantially in accordance with the original design or standard of construction of the damaged or destroyed Common Area, improvement or facility. The Association shall utilize all available insurance proceeds to accomplish such repair or reconstruction. In the event said proceeds are insufficient to cover all of the costs for such repair or reconstruction, the Board shall levy, in accordance with the procedures set forth in Section 7.05 of this Declaration, a special assessment equally against all Owners to cover the insufficiency between the insurance proceeds and the costs. Said special assessment and any other special assessment imposed pursuant to this section shall be

due and payable by all Owners in such installments and during such period as the Board shall designate.

(d) Access at Reasonable Hours: For the purpose of performing the maintenance authorized by this Article or for any other purpose reasonably related to the performance by the Association of its responsibilities under this Declaration, the Association's agents, employees, or contractors shall have an easement and the right, after reasonable notice to the Owner, to enter upon the Common Area within any Lot at reasonable hours.

5.03 Maintenance District: In the event of the formation of a governmental maintenance district or similar agency to provide maintenance services to the Common Area or any part thereof, the Association may transfer its rights in whole or in part pursuant to this Article V to such district or agency and to the extent thereof shall be relieved of its obligations hereunder.

5.04 Enforcement of Bond for Completion of Common Area Improvement: As to any bond or other arrangement (hereinafter "Bond") for completion of the Common Area improvements where the Association is obligee, the following provisions shall apply relative to the initiation of action to enforce the obligations of the subdivider and the surety under the Bond:

(a) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any 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 Association has given an extension in writing for the completion of any Common Area improvement, the Board shall 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 Members for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the questions may be held. The meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by Members representing at least five percent (5%) or more of the total voting power of the Association.

(c) A vote by Members, other than the Declarant, at the special meeting called for the purpose set forth in Paragraph (b) of this Section 5.04, shall be required.

(d) A vote of the majority of the voting power of the Association residing in Members other than the Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE VI

RIVER RIDGE FAIRWAYS HOMEOWNERS ASSOCIATION

6.01 Organization and Membership: The River Ridge Fairways Homeowners Association, herein called the "Association" is a nonprofit mutual benefit corporation charged with the duties and invested with the powers set forth herein. It was created by the Articles, and its affairs shall be governed by the Articles and Bylaws and these Restrictions.

6.02 Membership:

(a) Classes of Members: The Association shall have two (2) classes of members: Class A Members and Class B Members.

(1) Class A Members: Each Owner, with the exception of Declarant, by virtue of being an Owner and for so long as he is an Owner, shall be a Member of the Association. The membership shall be appurtenant to and may not be separated from the ownership of any Lot which is subject to assessment by the Association. Upon termination of Lot ownership, the membership shall also terminate. Ownership of a Lot shall be the sole qualification for Association membership. The membership of an Owner shall not be transferred, pledged or alienated in any way except upon transfer of title to the Owner's Lot and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer is void. Declarant shall become a Class A member upon the occurrence of the events specified in Section 6.03(a)(2).

(2) Class B Members: The Class B memberships shall be held by the Declarant. The Declarant shall hold one Class B membership for each Lot in River Ridge Fairways to which the Declarant has title, until the occurrence of the events specified in Section 6.03(a)(2).

(b) Member's Rights and Duties: The rights, duties, privileges and obligations of all Members of the Association, or any succeeding unincorporated association, shall be those set forth in, and shall be exercised and imposed in accordance with, the provisions of these Restrictions and the Articles, Bylaws and Rules of the Association.

6.03 Voting:

(a) Members Entitled to Vote: Only Members of the Association shall be entitled to vote. The voting privileges of each Class of Members shall be as provided herein.

(1) Class A Members: Class A Members shall have one (1) vote for each Lot. When more than one person owns a single Lot, all Owners shall be Members of the Association. However, the vote for each Lot must be cast as a unit, and fractional votes shall not be allowed. In the event

that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner (or Owners) casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of any other Owners of said Lot. Every Owner entitled to vote at any election for seats on the Board may cumulate his votes as provided in the Bylaws. The right to vote may not be severed or separated from the Lot ownership to which it is appurtenant, and any sale, transfer, or conveyance of such Lot to a new Owner or Owners shall operate to transfer the appurtenant vote without the requirement of any express reference thereto.

A Class A Member who has sold his property to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. However, the contract seller shall remain liable for the charges and assessments until title to the property sold shall be transferred.

(2) Class B Member: The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership as provided in paragraph 6.02(a)(1) above, provided that the Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier:

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

(ii) Two (2) years from the date of the original issuance of the most recently issued subdivision public report by the California Commissioner of Real Estate for River Ridge Fairways, or

(iii) Four (4) years from the date of the original issuance of the initial subdivision public

report by the California Commissioner of Real Estate for River Ridge Fairways.

(b) Voting Procedures: Any vote may be cast in person or by proxy. All proxies shall be in writing, dated, signed by the Owners and filed with the Board before the commencement of any meeting. No such proxy shall be valid for longer than eleven (11) months from the date of its execution unless otherwise provided in such proxy and in no case shall a proxy be valid for longer than three (3) years from the date of its execution. Every proxy shall automatically cease upon the sale of the Lot by the Owner. An Owner shall be entitled to cumulate his or her vote for one or more candidates for the Board of Directors if the candidate's name has been placed in nomination prior to voting and if the Owner has given notice at the meeting prior to the voting of his or her intention to cumulate votes.

6.04 Assessments and Dues: Any assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of Article VII of these Restrictions, and shall be enforced pursuant to the provisions of Section 7.06 of these Restrictions.

6.05 Initial Board of Directors: The initial Board of Directors of the Association consisting of five (5) Members shall be elected by Declarant upon the incorporation of the Association and shall hold office until a new Board is elected at a special meeting of the Members, which meeting shall be held within one (1) year from the date of incorporation of the Association or within forty-five (45) days after the close of escrow for the sale of the Lot which represents the fifty-first (51st) percentile interest authorized for sale under the public report for River Ridge Fairways, whichever first occurs, but in no event not later than six (6) months after the close of escrow for the first sale of a Lot in River Ridge Fairways. At said special meeting a Board of five (5) direc-

tors shall be elected to serve until the first regular annual meeting of the Association, or until such later time as their successors may be elected.

6.06 Regular Board of Directors: At each annual meeting subsequent to the special meeting referenced in Section 6.05, the membership shall by secret written ballot elect five (5) Members to the Board for the forthcoming year. In any election in which a majority of the voting power of the Association resides in Declarant, or which is held at a time while there are two classes of membership outstanding, at least one (1) director, but not less than twenty percent (20%) of the Board, shall be elected solely by Members other than Declarant in accordance with the special procedures established within the Bylaws. The Board shall be responsible to undertake all duties and responsibilities of the Association, and the management and conduct of the affairs thereof except as expressly reserved herein to the vote of the membership.

6.07 Duties of the Association: The Association shall have the obligation and duty subject to and in accordance with this Declaration of Restrictions, to do and perform the following acts for the benefit of its Members and for the maintenance and improvement of River Ridge Fairways:

(a) Members: The Association shall accept all Owners as Members;

(b) Annual Membership Meetings: The Association shall hold an annual meeting of the Members as provided by and in accordance to the Bylaws of the Association;

(c) Common Area: The Association shall maintain, or provide for the maintenance of the Common Area and the easements described in Section 5.01, and all Association improvements of whatever kind and for whatever purpose, located thereon. In reference thereto, with the vote or written consent of two-thirds (2/3) of the Members of the As-

sociation other than Declarant, the Association may construct capital improvements in the Common Area and assess the Owners for the costs thereof as provided in Article VII hereof.

(d) Operation of Common Area: The Association shall maintain, provide for and supervise the maintenance of all of the Common Area as responsibility for such property is conveyed or otherwise transferred to it, and shall keep all improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair.

(e) Insurance: The Association shall have the authority and duty to obtain and maintain in force insurance of such types and in such amounts as its Board shall deem necessary or expedient to carry out its function as set forth in this Declaration, the Articles and the Bylaws.

(f) Rule Making: The Association shall have the duty to make, establish, promulgate, amend and repeal the River Ridge Fairways Rules as provided in Section 6.09.

(g) Architectural Committee: Subject to the provisions of Subparagraph (b) of Section 9.02, the Association shall have the duty to appoint and remove members of the Architectural Committee and to insure that all reasonable times there is available a duly constituted and appointed Architectural Committee.

(h) Enforcement of Restrictions and Rules: The Association shall have the duty to take such other action, whether or not expressly authorized by these Restrictions, including the hiring of legal counsel and undertaking legal action, as may be reasonably necessary to enforce the covenants, conditions and restrictions contained herein, the River Ridge Fairways Rules and the Architectural Committee Rules.

(i) Balance Sheets; Operating Statements: The Board shall cause the following financial statements, budgets and reports to be prepared and distributed to all Members:

(1) A statement of the Association's policies and practices in enforcing its remedies against

members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' Lots.

(2) A proforma operating statement (budget) for each fiscal year not less than forty-five (45) days and not more than sixty (60) days before the beginning of the fiscal year, prepared as follows:

(A) Estimated revenue and expenses on an accrual basis.

(B) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(C) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(D) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(3) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of the close of escrow for the first sale of a Lot in River Ridge Fairways and an operating statement for the period from the date of such first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Lots and the name or names of the Owners assessed.

(4) An annual report consisting of the following shall be distributed within one hundred twenty (120)

days after the close of the fiscal year:

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

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

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

(D) Any information required to be reported under Section 8322 of the Corporations Code. If the annual report is not prepared by a Certified Public Accountant, the annual report shall be prepared by the Chief Financial Officer of the Association, who shall certify that the statements were prepared without audit from the books and records of the Association.

(j) Other: The Association shall carry out the duties of the Association as set forth in other sections of this Declaration, the Articles and Bylaws.

6.08 Powers and Authority of the Association: The Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in operating for the benefit of its members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, Bylaws and these Restrictions. It shall have the power to do any and lawful things which may be authorized, required or permitted to be done under and by virtue of these Restrictions, 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 Association for the peace, health, comfort, safety or general welfare of the Owners. Without in any way limiting the generality of the foregoing, the Association and the Board shall have the following powers and authority:

(a) Right of Entry and Enforcement: The Board and its agents and representatives shall have the power and right to reasonably enter upon any Lot, for the purpose of

enforcing any of the provisions of these restrictions, or for the purpose of maintaining and repairing the improvements located with the Common Area on said Lot as provided in this Declaration, or, if for any reason whatsoever, the Owner thereof fails to maintain and repair any portion of a Lot as required by these Restrictions to be maintained or repaired by said Owner. The Association shall also have the power and authority from time to time in its own name, on its own behalf or on the behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of these Restrictions and to enforce, by mandatory injunction or otherwise, all of the provisions of these Restrictions. The costs of any such action or suit, including reasonable attorneys' fees shall be paid to the prevailing party.

(b) Employment of Manager: The Board shall have the power to employ the services of a manager or other employee, or a professional manager or management company, subject to the direction and control of said Board, to manage and carry out the affairs of the Association, and, to the extent not inconsistent with the laws of the State of California and upon such conditions as are otherwise deemed advisable by the Board, to delegate to the manager any of its powers; provided, however, that any contract with such professional manager or management company, and the compensation to be paid, for a term greater than one (1) year must be approved by at least fifty-one percent (51%) of the voting Members of the Association other than Declarant. In no event shall any management agreement be for a term greater than three (3) years and said agreement shall provide for termination without cause or for cause on a maximum of ninety (90) days written notice. However, the Board may not delegate to the manager the authority to make expenditures for capital additions or improvements chargeable against the Association's reserve funds; to conduct hearings concerning compliance by an Owner or his guest, tenant, lessee or invitee with this Declaration

or the Rules, or to make a decision to levy monetary fines, impose special assessments against an individual Lot, temporarily suspend an Owner's rights as a member of the Association or otherwise impose discipline following any such hearing; or to make a decision to bring suit, record a claim of lien or institute foreclosure proceedings for default in payment of assessments. Any delegation made by the Board shall be revocable at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by a written instrument authorized by a majority of the Board.

(c) Services: The Board shall have the power to provide for, or engage the services of others for the maintenance, protection and preservation of the Common Area, including landscape architects, landscape contractors, gardeners, plumbers and other maintenance personnel, as the nature and character of the Common Area may require; provided, however, that no contract for such services shall be for a duration of more than one year, except with approval of at least fifty-one percent (51%) of the voting Members of the Association other than Declarant, and in no event for a term greater than three years. Any such contract shall provide for termination without cause or for cause on a maximum of ninety (90) days written notice.

(d) Utilities: The Board shall have the power to contract, use and pay for utility services to the Common Area and its facilities.

(e) Other Property: The Board shall have the power to acquire and hold, as trustee for the benefit of its Members, tangible and intangible personal property and to dispose of the same by sale or otherwise.

(f) Mergers: Association shall have the power to the extent permitted by law, to participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association, provided that any such

merger or consolidation shall have the approval by affirmative vote or written consent of seventy-five percent (75%) of all Members of each class of the voting members of the Association so long as there is a Class B membership outstanding, and thereafter by the vote or written consent of Members entitled to exercise not less than seventy-five percent (75%) of the total voting power of the Association.

(g) Delegation: The Board may delegate any of its powers to any such committees, officers or employees as it deems necessary and proper.

6.09 River Ridge Fairways Rules:

(a) Rulemaking Power: The Board may, from time to time and subject to the provisions of these restrictions, propose, enact and amend rules and regulations to be known as the "River Ridge Fairways Rules." Any rules which relate to the management, operation and control of the Association and/or the Common Area, common facilities or interests shall become effective and binding on all Owners only after adoption by Owners representing fifty-one percent (51%) of each class of ownership in the Association so long as there is a Class B membership outstanding, and thereafter by Owners representing fifty-one percent (51%) of the total voting power of the Association, at a meeting duly called for that purpose, or by the written consent of the above number of Owners appended to a copy of the proposed rules. Such rules may concern, but need not be limited to, matters pertaining to: maintenance of the Common Area; signs, collection and disposal of refuse; minimum standards of maintenance of property; parking and traffic restrictions except as to public rights of way; limitations on maintenance of landscaping or other improvements on any property which obstruct the vision of motorists or which create a hazard for vehicular or pedestrian traffic; and any other subject or matter within the jurisdiction of the Association as provided in these restrictions. The Rules may restrict and govern the use of the Common Area by any Owner,

by the Family of such Owner, or by any invitee, licensee or lessee of such Owner. No Rules may be adopted which materially affect the rights, preferences, or privileges of any Owner other than as specifically set forth in this Declaration.

(b) Delivery to Owners: A copy of the Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner.

6.10 Breach of Rules or Restrictions: In the event of a breach of any Rule or of any of the Restrictions contained in this Declaration by an Owner, his family, guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, shall enforce the obligations of each Owner to obey such Rules or Restrictions in any manner provided by law or in equity, including but not limited to appropriate hiring of legal counsel, the pursuing of legal action, or suspension of the Owner's voting rights, provided, however, such suspension may not be for a period in excess of thirty (30) days or until the violation or delinquency, if curable, has been cured, whichever is longer, after notice and hearing as herein provided, for an infraction of such rules. In addition to the other remedies herein set forth, the Board, by majority vote, may levy a fine against such Owner, after appropriate notice and hearing as herein provided, in an amount not to exceed Fifty Dollars (\$50.00) for each such violation. Prior to imposing any penalty provided herein for breach of any rules enacted hereunder or restrictions contained in this Declaration, the Board shall give written notice to the Owner either by personal service or by mailing the notice by first class or registered mail to the last address of the Owner shown on the Association's records, specifying the nature of the infraction. Said notice shall provide at least fifteen (15) days prior notice of the penalty to be imposed and the reasons therefor. Said notice shall also provide an opportunity for the Owner to be heard before the Board, which has authority to decide such matters, not

less than five (5) days before the effective day of the penalty. In the event that the Board determines that said infraction has occurred and that a penalty shall be imposed, the determination of the Board shall be final. In the event legal counsel is retained or legal action is instituted by the Board pursuant to this paragraph, any settlement prior to judgment or any judgment rendered in any such action shall include an award of costs of collection, court costs, and reasonable attorney's fees to the prevailing party.

6.11 Liability of Members of Board: No member of the Board shall be personally liable to any of its Members or to any other person, including Declarant, for any error or omission of the Association, its representatives and employees, or the Architectural Committee, provided that such Board member has, upon the basis of such information as may be possessed by him, acted in good faith.

ARTICLE VII FUNDS AND ASSESSMENTS

7.01 Operating Fund: The Association shall maintain an operating fund into which the Board shall deposit all funds paid to the Association as maintenance and operation assessments and special assessments, together with any unexpended Architectural Committee fees. Said funds shall be held in trust by the Association for the use and benefit of its individual Members and shall only be used for and applied to the common specific purposes of the Members as herein set forth.

7.02 Maintenance and Operation Assessments:

(a) Regular Assessments: On the first day of the month following the first conveyance of a Lot by Declarant to a Public Purchaser, the Board shall estimate the total charges to be paid out of the maintenance fund, including a reasonable

reserve for contingencies and replacements for the remainder of the fiscal year in accordance with the budget submitted to and approved by the California Department of Real Estate and equally assess said charges to all of the Owners, including the Declarant. Thereafter, not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of each subsequent fiscal year, the Board shall prepare a written estimate of the total charges to be paid out of the maintenance fund during such year (including a reasonable reserve for contingencies and replacement and less any expected surplus from the prior year) in the form of a proforma operating statement and distribute a copy of such proforma operating statement to each member of the Association. The Board shall allocate and assess said estimate of total charges to each Owner equally by dividing said estimate by the total number of Lots in River Ridge Fairways. All funds of the Association shall be budgeted, allocated, assessed and collected for current maintenance and operation of the project, contingencies, deferred maintenance and replacement of capital improvements and shall be designated for those specific purposes. Prior to the end of each fiscal year, the Owners shall receive an accounting of assessment receipts and disbursements for that calendar year. If such accounting shows that a surplus of cash results in the project's current maintenance and operation account, the Owners shall vote as to whether to refund all or part of such surplus or as to whether such surplus shall be carried over to future assessment periods and applied to reduce future assessments.

(b) Additional Assessments: If at any time during any fiscal year, the maintenance assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof, the Board may levy a further assessment in the amount of such actual or estimated inadequacy, which amount shall be assessed to the Owners individually in the manner set forth in subparagraph (a) above. Such additional assessment shall not exceed five percent (5%) in the aggregate of the

budgeted gross expenses of the Association for that fiscal year without the vote or written assent of a majority of each class of membership so long as there is a Class B membership outstanding, and thereafter by the vote or written assent of a majority of the voting power of the residing in Members other than Declarant.

(c) Limitation on Regular Assessments: The aggregate amount of all regular and additional assessments levied by the Board on behalf of the Association to any particular Lot for any fiscal year shall not, without first complying with the provisions of subsections (b) and (d) of this Section, exceed the sum of the following:

- (1) The current regular assessment; plus
- (2) The aggregate amount of all additional maintenance assessments from time to time theretofore approved pursuant to the provisions of subparagraph (d) and which approvals have not by their terms expired.

The amount specified in subparagraph (1), above, shall be adjusted annually to reflect any increases which may have occurred in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (Los Angeles-Long Beach-Anaheim) during the preceding year; provided that any such increase in excess of twenty percent (20%) of the regular assessments for the immediately preceding fiscal year shall be approved by the membership in accordance with subparagraph (d) below.

(d) Increase in Regular Assessments: From and after January 1, of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual regular assessment (as adjusted for Cost of Living Increases) may be increased by the Board each year not more than twenty percent (20%) above the maximum assessment for the previous year without approval of a majority of each class of Members by vote or written assent. The Association may increase the maximum amount of the regular assessment prospectively for any period to an amount in excess of twenty percent (20%), provided that any such change shall have the assent of a

majority of the voting powers of the Class A membership and a majority of the voting powers of the Class B membership. Such votes shall be cast in person or by proxy, at a meeting duly called for that purpose pursuant to written notice given to all voting Members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting. In the event that a majority of the Class A membership or a majority of the Class B membership are not present in person or by proxy at any such meeting as hereinabove provided, Members not present may give their written assent to the action taken as long as such writings are executed and delivered to the Secretary of the Association within five (5) days after said meeting. Following the cessation of the Class B membership any increase above the twenty percent (20%) limitation shall require the approval of a majority of the voting power residing in the Members other than Declarant.

(e) Time and Manner of Payment of Assessments:

Assessments shall be due and payable by the Owners to the Association during the fiscal year in equal monthly installments, on or before the first day of each month, or in such other manner as the Board shall designate. If not paid within thirty (30) days after its due date, each such delinquency shall thereafter result in a late charge of five dollars (\$5.00) and bear interest at the rate of ten percent (10%) per annum until paid, but the Board may, in its discretion, waive interest, late charges, or both, in any particular instance. If any suit or action is brought to collect any such charge, then there shall be added to the amount thereof costs of suit and a reasonable attorneys' fees to be fixed by the court as an award to the prevailing party and included in any judgment in any such suit or action.

7.03 Reimbursement Assessment: If any monies are expended by the Association from its operating funds in performing its functions under these restrictions as a result of any Owner's failure to comply with these restrictions, the

River Ridge Fairways Rules or the Architectural Committee Rules, or as otherwise provided in this Declaration, the Association shall levy an assessment against that Owner equal to the amount so expended. Such assessments shall be for the purpose of reimbursing the Association, and shall be due and payable to the Association when levied. Monetary penalties levied pursuant to Section 6.10 herein shall not be treated as assessments levied pursuant to this Section 7.03.

7.04 Capital Improvement Fund: The Board shall maintain a capital improvement fund, into which it shall deposit all monies paid to it as capital improvement assessments. Said funds shall be deemed to be contributions to the capital account of the Association by the Members and so reflected on its books.

The Board shall make disbursements from said capital improvement fund as required in the performance of the functions for which the capital improvement assessments are levied.

7.05 Capital Improvement Assessment:

(a) Upon approval by two-thirds (2/3) of each class of membership, or upon approval by two-thirds (2/3) of the total voting power of the Association when there is no Class B membership outstanding, of a proposed capital improvement and the estimated total cost thereof pursuant to paragraph (a) of Section 8.01, such estimated total cost shall be assessed to all Members in equal amounts as a capital improvement assessment.

(b) If at any time, and from time to time, a capital improvement assessment proves or appears likely to prove inadequate for any reason, including nonpayment of any Owner's share thereof, the Board may, without obtaining any further approval from the Owners, levy a further capital improvement assessment in the amount of such actual or estimated inadequacy, but not to exceed five percent (5%) of

the budgeted gross expenses for that fiscal year, which shall be assessed to all such Owners in equal amounts. If such additional assessment shall be in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the affirmative vote or written consent of two-thirds (2/3) of each class of membership shall be required for such further assessment so long as there is a Class B membership outstanding, and thereafter by the vote or written consent of two-thirds (2/3) of the total voting power of the Association residing in Members other than Declarant.

(c) Capital improvement assessments shall be due and payable by all Owners in such installments and during such period or periods as the Board shall designate.

(d) The provisions hereof with respect to capital improvement assessments do not apply to an assessment levied by the governing body against a member to reimburse the Association for costs incurred in bringing the member and his subdivision interest into compliance with provisions of the governing instruments for the subdivision, but any such assessment shall be subject to the provisions of Section 2792.27(c) of Title 10 of the California Administrative Code.

7.06 Default in Payment of Assessments:

(a) The assessments levied by the Board on behalf of the Association under this Article VII shall constitute separate assessments. Each assessment levied under this Article VII, together with interest, costs and reasonable attorneys' fees shall be a separate, distinct and personal debt and obligation of the Owner against whom it is assessed, and shall bind his heirs, devisees, personal representatives and assigns. Each assessment levied under this Article VII shall also be a charge on the land and shall be a continuing lien upon the property against which such assessment is made; subject, however, to the provisions of subsection (e) of this Section. The Association shall have a separate lien and a separate lien is hereby created upon each Lot against which an

assessment is made to secure the payment of any assessments under this Article VII. The priority of all such liens on each Lot shall be in inverse order, so that upon the foreclosure of the lien for any particular month's charge on any Lot, any such sale of such Lot pursuant to such foreclosure will be made subject to all liens securing the respective monthly charges on such Lot for succeeding months. Each such lien for any particular month's charge shall likewise secure interest thereon if the same is not paid when due, and shall likewise secure costs of suit and reasonable attorneys' fees to be fixed by the court in the event any action or suit is brought to collect such charge.

(b) The Board shall execute and acknowledge a certificate stating the indebtedness secured by the lien upon any Lot, and such certificate shall be conclusive upon the Association and the Owners, in favor of all persons who rely thereon in good faith, as to the amount of such indebtedness on the date of the certificate. The Board shall furnish a copy of such certificate to any Owner upon request. A reasonable fee, not to exceed fifteen dollars (\$15.00), may be charged for the preparation of such statement.

(c) Declarant shall pay all of the costs of operation and maintenance of the Common Area and facilities that have been incurred or expended through and including the date of the sale of the first Lot within River Ridge Fairways to a Public Purchaser. Declarant hereby covenants for each Lot and/or Residence owned by it within River Ridge Fairways and each purchaser of any Lot and/or Residence by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association each assessment under this Article VII, such assessments to be fixed, established and collected from time to time as herein provided. Notwithstanding the foregoing, the declarant and any other owner of a subdivision interest which does not include a structural improvement for human occupancy

shall be exempted from the payment of that portion of any assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and the use of the structural improvement. Such exemption from the payment of assessments shall be in effect only until a notice of completion of the structural improvement has been recorded or until 120 days after the issuance of a building permit for the structural improvement, whichever first occurs.

(d) Purchasers of any Lot subject to these Restrictions by acceptance of a deed or other conveyance therefor, whether from Declarant or subsequent Owners of Lots, shall become personally obligated and agree to pay only such charges that accrue after they received title thereto, plus costs of suit, and reasonable attorneys' fees as above provided and shall thereby vest in the Association the right and power to bring all actions for the collection of such charges, costs of suit and attorneys' fees, and for the enforcement of such liens. Such right and power shall continue in the Association and such obligations shall run with the land, so that the successive Owner or Owners of record of any Lot within the subject property shall in turn become liable to pay all such charges which shall become a lien thereon during the time they are the record Owner of such Lot within River Ridge Fairways. After a record Owner transfers of record any Lot owned by him, he shall not be liable for any charges thereafter to accrue against such Lot. He shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer. A contract seller of any Lot shall continue to be liable for all such charges until a conveyance by deed of such property is recorded in the office of the County Recorder of Ventura County.

(e) The lien of each of the assessments provided for under this Article VII shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the as-

assessments which have become due and payable prior to the sale of such property pursuant to a decree of foreclosure of any such first mortgage or first deed of trust or pursuant to a power of sale in such first mortgage or first deed of trust. Such foreclosure sale shall not relieve such property from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment. The Board may agree to subordinate the lien of said assessments to the first mortgage of the Department of Veterans Affairs of the State of California under any Cal-Vet financing contract to the same extent as said liens are made subordinate to liens of first mortgages under this provision.

(f) Any assessment not paid within thirty (30) days after the due date shall be deemed to be in default and shall bear interest from the due date at the rate of ten percent (10%) per annum and the Board on behalf of the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No action shall be brought to foreclose the lien securing any assessment under this Article VII less than thirty (30) days following the mailing of a notice of assessment due signed by a majority of the Board to the Owner of such Lot and the recording of a copy of such notice in the Office of the Recorder of Ventura County, State of California. Said notice shall state the amount of the assessment, together with the interest, costs and reasonable attorneys' fees; a description of the Lot against which the same has been assessed and the name or names of the record Owner or Owners thereof. Such notice of assessment may be recorded and an action brought to foreclose the same by the Association, or the Owner of any Lot. Upon the declaration of an assessment and the recording of a notice thereof, the Association may, at its option, declare the entire balance of all sums then due or to become due from the Owner due and payable, which total sum may then be included in any suit, action or proceeding brought

to collect said sum, including all costs, charges and attorneys fees.

(g) Each of the Owners does hereby grant and appoint the Association as trustee to enforce and to foreclose a lien arising from assessments levied pursuant to Sections 7.02 and 7.05 of this Article VII by private power of sale as provided in Title 14, Chapter 2, Article I of the Civil Code of the State of California and further grants to the Board on behalf of the Association the authority and power to sell the Lot of such defaulting Owner, or Owners, or any part thereof, to satisfy said lien, for lawful money of the United States to the highest bidder. The Board as trustee for the remaining Owners, or any other Owner, may purchase at said sale. The Board may commence any procedure for collection upon its own decision, and it must so proceed upon the written request therefor signed by any three (3) Owners.

(h) Upon payment of the delinquent assessment or the satisfaction thereof, the Board shall cause to be recorded in the same manner as the notice of assessment a further certificate stating the satisfaction and release of the lien thereof. A failure to record said certificate of discharge within thirty (30) days after written demand by the Owner of such Lot shall entitle him to recover a penalty of one hundred dollars (\$100.00) from the Association, plus his actual damages.

(i) In the event any Owner fails to pay any assessment when due, and upon the decision of the Board, following an opportunity for hearing under the procedure established in the Bylaws, such Owner may be denied the privilege of using or enjoying any of the Common Area or recreational facilities until such Owner has paid all delinquent assessments.

7.07 Association Funds: The assessments collected by the Association shall be properly deposited into two separate interest bearing accounts with a savings and loan association or bank selected by the Board, which accounts shall be clearly

designated as the "River Ridge Fairways Current Maintenance and Operation Account" and the "River Ridge Fairways Deferred Capital Maintenance and Replacement Account". The assessments collected by the Association shall be held in trust by the Association for and on behalf of each Owner and shall be used solely for the operation, care and maintenance of the project as provided in this Declaration. The Board shall allocate a portion of said funds as collected for the annual maintenance and operation of the project as specified in the annual budget and the Board shall allocate a portion of said funds as collected as reserves for contingencies, replacement and deferred maintenance of the capital improvements of River Ridge Fairways as specified in the annual budget. Said fund shall be deposited, as allocated into the appropriate accounts and said accounts shall be separately maintained by the Association. Upon sale or transfer of any Lot by any Owner, the Owner's interest in the trust funds shall be deemed automatically transferred to the successor or transferee of such Owner. In the event that the Board retains a professional management service, the Board may delegate the authority to deposit or withdraw funds to responsible representatives of the professional management agent so retained; provided that, upon the vote or written request of the Owners representing a majority of the total voting power of the Association residing in Members other than Declarant, said professional management agent shall obtain a bond in favor of the Association to guaranty the performance of its fiduciary duties to the Association. Said professional management agent may additionally be authorized to establish a common trustee account for deposit of assessments as collected. Any funds deposited in such a common trustee account shall be allocated as previously specified herein.

7.08 Failure to Fix Maintenance Assessments: The omission by the Board of Directors to fix the maintenance assessments hereunder before the expiration of any year, for

that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of these restrictions, or a release of the Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

ARTICLE VIII
CAPITAL IMPROVEMENTS

8.01 Petition; Association Approval:

(a) A majority of the Owners may petition the Association for the construction, installation or acquisition of a capital improvement on the Common Area. Such petition shall be in writing and be in such form and shall contain such information as the Board may require, including, without limitation, preliminary plans and cost estimates. The Board may, on its own motion, move for the construction, installation or acquisition of a capital improvement, in which case such motion shall be treated as if it were a petition duly submitted by an Owner.

(b) The Board shall approve the petition if it determines that the proposed capital improvement is desirable for the beneficial use and enjoyment of the Common Area by the Owners.

(c) Upon the approval of such petition by the Board, the Board shall obtain firm bids on the total cost of constructing, installing, or acquiring the proposed capital improvement, and the lowest acceptable bid or bids shall be deemed the estimated total cost of such capital improvements.

8.02 Owner Approval: Following the approval of the capital improvement and the determination of the estimated cost thereof pursuant to Section 8.01, the Board shall present the question of assessment for such capital improvement cost

to the Owners for approval pursuant to Section 7.05 of this Declaration.

8.03 Construction of Improvements: After the levy of the capital improvement assessment pursuant to Section 7.05, and at such time and upon such terms and conditions as the Association may deem appropriate, but not exceeding the estimated total cost of such capital improvement determined pursuant to subparagraph (c) of Section 8.01 above, the Board shall cause to be constructed, installed or acquired, or contract for the construction, installation or acquisition of the proposed capital improvement.

8.04 Costs of Petition: If for any reason the construction, installation, or acquisition of the proposed capital improvement is not approved by the Board, or the Owners, all expenses incurred by the Association with respect to the consideration of the proposed capital improvement shall be paid proportionately by the petitioning Owners and the Board may levy a special assessment against said Owners for the purpose of paying such expenses pursuant to Section 7.03 of this Declaration.

ARTICLE IX
ARCHITECTURAL COMMITTEE

9.01 Organization: There shall be an Architectural Committee consisting of three (3) persons.

9.02 Designation of Members and Terms of Office:

(a) Initial Members: The initial members of the Architectural Committee shall be appointed by Declarant. The Declarant shall designate said members prior to the conveyance of the first Lot to a Public Purchaser. Such designation shall be reflected in the Minutes of the Association. Each of said members shall serve for a term of one (1) year unless they have resigned or been removed from office and the terms

of all Architectural Committee members appointed thereafter shall be one (1) year. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term.

(b) Appointment and Removal: The Declarant reserves to itself the power to appoint a majority of the members of the Architectural Committee until ninety percent (90%) of the Lots within River Ridge Fairways have been sold or until the fifth anniversary of the date of issuance of the original public report for River Ridge Fairways, whichever occurs first. After one (1) year from the date of issuance of the original public report for River Ridge Fairways, the Board shall have the power to appoint one (1) member to the Architectural Committee until ninety percent (90%) of the Lots within River Ridge Fairways have been sold or until the fifth anniversary of the date of issuance of the original public report for River Ridge Fairways, whichever occurs first. Thereafter, the Board shall have the power to appoint all of the members of the Architectural Committee. Members appointed to the Architectural Committee by the Board shall be from the membership of the Association. Exercise of right of appointment and removal, as set forth herein, shall be evidenced by the specification in the Minutes of the Board of each new Architectural Committee member or alternate member appointed and each member or alternate replaced or removed from the Architectural Committee.

(c) Resignations: Any member or alternate member of the Architectural Committee may at any time resign from the Committee upon written notice delivered to Declarant or to the Board, whichever then has the right to appoint members.

(d) Vacancies: Vacancies on the Architectural Committee, however caused, shall be filled by the Declarant or the Association, whichever then has the power to appoint members. In the event that a vacancy has not been filled within two (2) months, an interim appointment may be made by the remaining members of the Architectural Committee.

9.03 Duties: It shall be the duty of the Architectural Committee to consider and act upon such proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Association, and to carry out all other duties imposed upon it by this Declaration.

9.04 Meetings: The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of any two (2) members shall constitute an act by the Architectural Committee unless the unanimous decision of its members is otherwise required by this Declaration. The Architectural Committee shall keep and maintain a record of all actions taken by it at such meeting or otherwise. The members of the Architectural Committee shall be entitled to reimbursement for reasonable expenses incurred by them in the performance of any Architectural Committee function.

9.05 Architectural Committee Rules: The Architectural Committee may, from time to time and in its sole discretion, adopt, amend and repeal, by unanimous vote, rules and regulations to be known as "Architectural Committee Rules." Said Rules shall interpret and implement the provisions hereof by setting forth the standards and procedures for Architectural Committee review and guidelines for grading, placement of driveways, parking areas and buildings, structures of all kinds, and landscaping; provided, however, that said Rules shall not be in derogation of the minimum standards required by this Declaration.

9.06 Application for Approval of Improvements: Any Owner, except the Declarant and its designated agents, proposing to perform any work of any kind whatever which requires the prior approval of the Architectural Committee pursuant to Section 4.02, or any other Section of this Declaration, shall

apply to such Committee for approval by notifying the Architectural Committee of the nature of the proposed work with such information as the Committee may require, including but not limited to 3 copies each of: (1) a plot plan of the Lot showing the location of all existing and proposed improvements; (2) elevation drawings; and (3) the Owner's proposed construction schedule. The Architectural Committee may require that the application for approval in connection with any improvement to be constructed be accompanied by an inspection fee in an amount not to exceed one hundred dollars (\$100.00) in the event that the Committee deems that outside consultants are necessary to review plans or otherwise inspect the proposed improvements.

9.07 Basis for Approval of Improvements: The Architectural Control Committee shall grant the requested approval only if,

(a) The Owner shall have strictly complied with the provisions of Section 9.06, above; and

(b) The Architectural Committee shall find that the plans and specifications conform to this Declaration, and to the Architectural Committee Rules in effect at the time such plans were submitted to such Committee; and

(c) The members of the Architectural Committee in their sole discretion determine that the proposed improvements would be compatible with the design and aesthetic standards of River Ridge Fairways and the purposes of this Declaration as to location with respect to topography and finished grade elevations.

9.08 Form of Approval: All approvals given under paragraph 9.07 shall be in writing; PROVIDED, HOWEVER, that any request for approval which has not been rejected within thirty (30) days from the date of submission thereof to the Architectural Committee shall be deemed approved.

9.09 Proceeding with Work: Upon receipt of approval from the Architectural Committee pursuant to paragraph 9.08 above, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all installations, construction, grading and excavations pursuant to said approval.

(a) Said commencement to be, in the case of initial landscaping, within 90 days from the date of such approval.

(b) Said commencement to be, in all other cases, within one year from the date of such approval.

If the Owner shall fail to comply with this paragraph 9.09, any approval given pursuant to paragraphs 9.07 and 9.08, above, shall be deemed revoked unless the Architectural Committee, upon written request of the Owner made prior to the expiration of said commencement periods, extends the time for such commencement. No such extension shall be granted except upon a finding by the Architectural Committee that there has been no change in the circumstances upon which the original approval was granted.

9.10 Failure to Complete Work: The Owner shall in any event complete the installations, construction, grading and excavations of any improvements within 90 days after commencing the work, if initial landscaping, and within one year after commencing the work on all other improvements except, and for so long as, such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his agents. If Owner fails to comply with this paragraph, the Architectural Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of paragraph 9.11 below as though the failure to complete the improvement were a noncompliance with approved plans.

9.11 Inspection of Work: Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any construction of any improvements, or upon the completion of any other work for which approved plans are required under this Article, the Owner shall give written notice thereof to the Architectural Committee.

(b) Within sixty (60) days thereafter the Architectural Committee, or its duly authorized representative, may inspect such improvement to determine whether it was installed, constructed, reconstructed, altered or refinished to substantial compliance with the approved plans. If the Architectural Committee finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such sixty (60) days period, specifying particulars of noncompliance and shall require the Owner to remedy such noncompliance.

(c) If upon the expiration of thirty (30) days from the date of such notification, the Owner shall have failed to remedy such noncompliance, the Architectural Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing date shall be not more than thirty (30) days nor less than fifteen (15) days after notice of the noncompliance is given to the Board by the Architectural Committee. Notice of the hearing date shall be given at least ten (10) days in advance thereof by the Board to the Owner, the Architectural Committee and, in the discretion of the Board, to any other interested party.

(d) At the hearing, the Owner, the Architectural Committee and, in the Board's discretion, any other interested person may present information relevant to the question of the alleged noncompliance. After considering all such information, 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 Board shall require the Owner to remedy or remove the same within a period of not more than forty-five (45) days from the date of the Board ruling. If the Owner does not comply with the Board ruling within such period or within any extension of such period as the Board, in its discretion may grant, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance and the Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a reimbursement assessment against such Owner pursuant to Section 7.03 hereof.

(e) If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of said notice of completion from the Owner, the improvement shall be deemed to be in accordance with said approved plans.

9.12 Waiver: The approval by the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under these Restrictions, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

9.13 Estoppel Certificates: Within thirty (30) days after written demand is delivered to the Architectural Committee by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Association), the Architectural Committee shall record an estoppel certificate, executed by any two (2) of its members, certifying (with respect to any Lot of said Owner) that as of the date thereof either (a) all improvements made and other work done upon or within said Lot comply with this Declara-

tion, or (b) such improvements or work do not so comply in which event the certificate shall also identify the noncomplying improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owners, or from anyone deriving any interest in said Lot through him, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, Declarant and all Owners and such persons deriving any interest through them.

9.14 Liability: Neither the Architectural Committee nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development of any property within River Ridge Fairways; or (d) the execution and filing of an estoppel certificate pursuant to Section 9.14, whether or not the facts therein are correct; PROVIDED, HOWEVER, that such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of the foregoing, the Architectural Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications or any other proposal submitted to the Architectural Committee.

ARTICLE X

LIMITATION OF RESTRICTIONS ON DECLARANT

10.01 Limitation of Restrictions: Declarant may undertake the work of constructing Residences and incidental improvements upon the Lots included within River Ridge

Fairways. The completion of that work and the sale, rental and other disposal of said Residences could be essential to the establishment and welfare of said property as a residential community. In order that said work may be completed and said property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

(a) Prevent Declarant, its contractors, or sub-contractors, from doing in River Ridge Fairways or any Lot thereof, whatever is reasonably necessary or advisable in connection with the completion of said work; or

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

(c) Prevent Declarant from conducting on any part of River Ridge Fairways its business of completing said work and of establishing said property as a residential community and of disposing of said property in parcels or Lots by sale, lease or otherwise; or

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

10.02 Termination of Limitation: The limitation of restrictions on Declarant set forth in Section 10.01 shall terminate upon the third anniversary of the date of issuance of the final public report for River Ridge Fairways. Said limitation of restrictions shall not be construed in any manner which would interfere with the individual Owners' use and enjoyment of the Common Area within River Ridge Fairways.

ARTICLE XI
RIGHTS OF MORTGAGEE AND TRUST DEED BENEFICIARIES

11.01 General: The first mortgagee or trust deed beneficiaries of Lots within River Ridge Fairways shall be entitled to the rights and privileges set forth in this Article. No breach of the covenants, conditions or restrictions contained in this Declaration, nor the enforcement of any lien provision set forth herein shall affect, impair, defeat or render invalid the lien or charge of any first mortgage or deed of trust made in good faith and for value which encumbers any Lot, but all of such covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived ,through foreclosure or trustee's sale, or otherwise with respect to a Lot. A first mortgagee or trust deed beneficiary who, after giving notice to the Association pursuant to Civil Code Section 2924c, acquires title by judicial foreclosure, deed in lieu of foreclosure, or trustee's sale shall not be obligated to cure any breach of the provisions of this Declaration which is noncurable or of a type which is not practical or feasible to cure. The determination of the Board, made in good faith as to whether a breach is noncurable or not feasible to cure shall be final and binding on all mortgagees or trust deed beneficiaries.

11.02 Notice of Default: The mortgagee of a first mortgage or beneficiary of a first deed of trust, and/or their successors and assigns, of a first mortgage or deed of trust on a Lot which such mortgagee, beneficiary, successor or assignee has requested in writing to the association of such a notice, shall be entitled to written notification from the Association of any default by the mortgagor of any Lot in the performance of such mortgagor's obligations under the Declaration, Articles and Bylaws which is not cured within thirty (30) days.

11.03 Exemption from Rights of First Refusal: Any first mortgagee, or beneficiary under a first deed of trust who comes into possession of the Lot pursuant to the remedies provided in the mortgage for foreclosure of the mortgage, or deed of trust or assignment in lieu of foreclosure shall be exempt from any right of first refusal contained herein.

11.04 Relationship with Assessment Lien: The lien provided for in Article VII for the payment of assessments shall be subordinate to the lien of any first mortgage or deed of trust which was recorded prior to the date such assessment becomes due. If any Lot subject to a monetary lien created by any provision of this Declaration shall be also subject to the lien of a first mortgage or deed of trust (a) the foreclosure of any lien created by any provision of this Declaration shall not operate to affect or impair the lien of such mortgage; and (b) the foreclosure of the lien of such mortgage or deed of trust, the acceptance of a deed in lieu of foreclosure, or the sale under a power of sale included in such mortgage or deed of trust (such events being hereinafter referred to as "events of foreclosure"), shall not operate to affect or impair the lien created pursuant to this Declaration. However, any first mortgagee or beneficiary of a first deed of trust who comes into possession of a Lot pursuant to the foreclosure of the mortgage or deed of trust shall take the property free of any claims for unpaid assessments or charges against the mortgaged Lot which accrue prior to the time such holder comes into possession of the Lot by virtue of the foreclosure, except for claims for a pro rata share of such assessments or charges to all units including the mortgaged Lot.

No transfer of the subdivision interest as the result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether it be the former beneficiary of the first encumbrance or another person, from liability for any assessments thereafter becoming due or from the lien thereof.

11.05 Mortgagee's Approval: Unless at least fifty-one percent (51%) of the first Mortgagees, based upon one vote for each mortgage owned, of Lots have given their prior written approval, the Association shall not be entitled to:

(a) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner; or

(b) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to architectural design or exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of party walls or common fences and driveways or the upkeep of lawns, plantings or other landscaping; or

(c) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (or its interest therein); provided that the granting of easements for public utility or other public purposes consistent with the intended use of the Common Area by the Association shall not be deemed to be a transfer within the meaning of this paragraph; or

(d) Fail to maintain fire and extended coverage insurance on any insurable portion of the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value based on current replacement cost; or

(e) Use hazard insurance proceeds for losses for any portion of the Common Area for other than the repair, replacement or reconstruction of such Common Area; or

(f) Make any material amendment to this Declaration or to the Bylaws. As used herein, the term "material amendment" shall mean any amendment relating to any of the following subjects: (i) the percentage interest of the Owner in the Common Area of River Ridge Fairways; (ii) the fundamental purpose for which River Ridge Fairways was created (such as a change from residential use to a different use); (iii) voting; (iv) assessments, assessment liens and

subordination thereof; (v) the reserve for repair and maintenance of the Common Area; (vi) property maintenance obligations; (vii) casualty and liability insurance; (viii) reconstruction in the event of damage or destruction; (ix) rights to use the Common Area; (x) annexation; (xi) any provision which by its terms is specifically for the benefit of First Mortgagees or specifically confers rights on First Mortgagees; and (xii) any provisions required by the rules, regulations or guidelines of programs administered by FNMA, GNMA and FHLMC.

11.06 Other Rights of First Mortgagees: Any first mortgagee or trust deed beneficiary shall, upon written request to the Association, be entitled to:

(a) Inspect the books and records of the Association during normal business hours.

(b) Receive the annual audited financial statements of the Association within ninety (90) days after the end of the Association's fiscal year.

(c) Receive written notice of all annual and special meeting of the Members or of the Board; and a first mortgagee or trust deed beneficiary shall be entitled to designate a representative to attend all such meetings to, among other things, draw attention to violations of this Declaration which have not been corrected or made the subject of remedial action by the Association; provided, however, that nothing contained in this Section shall give a first mortgagee or first trust deed beneficiary the right to call a meeting of the Board or of the Members or to vote at any such meeting.

First mortgagees or first trust deed beneficiaries are authorized to furnish information to the Board concerning the status of any loan encumbering a Lot.

11.07 Management Agreements: Any agreement for professional management of River Ridge Fairways shall provide that the management contract may be terminated for cause or

without cause on a maximum of ninety (90) days written notice and the term of any such contract shall not exceed three (3) years.

11.08 Destruction or Taking: In the event that the Common Area or any portion thereof is substantially damaged or is made the subject of any eminent domain proceeding or is otherwise sought to be taken by a condemning authority, the Board shall promptly notify any first mortgagee or first trust deed beneficiary affected by such destruction, taking or threatened taking. As used herein, the term "substantially damaged" shall mean damage exceeding ten thousand dollars (\$10,000.00). If requested in writing by a first mortgagee or first trust deed beneficiary, the Association shall evidence its obligations under this Section in a written agreement in favor of such first mortgagee or first trust deed beneficiary.

Nothing contained in this Declaration or the Articles or Bylaws shall be deemed to deprive first mortgagees or first trust deed beneficiaries of whatever prior rights such lien holders might otherwise possess pursuant to their security agreements to receive distributions of insurance or condemnation proceeds.

11.09 Common Area Advances: First mortgagees or first trust deed beneficiaries shall have the right, jointly or singularly, to pay taxes or other charges which are in default and which may or have become a lien against the Association's interest in the Common Area. Such first mortgagees or first trust deed beneficiaries may also pay overdue premiums on hazard insurance for the Association's interest in the Common Area or secure new hazard coverage thereon following the lapse of a policy. Any first mortgagee or first trust deed beneficiary making such payment shall be entitled to immediate reimbursement from the Association for all sums so advanced. If requested in writing by a first mortgagee or first trust deed beneficiary, the Association

shall evidence its obligations under this Section in a written agreement in favor of such first mortgagee or first trust deed beneficiary.

11.10 Conflicts: In the event of any conflict between the provisions of this Article XI and the remaining portions of this Declaration, the provisions of this Article shall control.

ARTICLE XII
MISCELLANEOUS PROVISIONS

12.01 Amendment and Duration:

(a) Amendment: Except as otherwise specifically provided in this Declaration, and so long as there is a Class B Membership existent, the provisions hereof may be amended by an instrument in writing signed and acknowledged by not less than seventy-five percent (75%) of the voting power of the Owners of each class of membership, which amendment shall be effective upon recordation in the office of the Recorder of Ventura County. Following the cessation of the Class B membership, amendment of this Declaration shall require the affirmative vote or written of Members representing both: (1) not less than seventy-five percent (75%) of the total voting power of the Association and (2) not less than fifty-one percent (51%) of the voting power residing in Members other than Declarant. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to take place under that clause.

(b) Duration: The provisions of this Declaration, including the covenants, conditions and restrictions contained herein, shall continue and be effective for a period of sixty (60) years from the date of recordation and shall thereafter be automatically extended for successive periods of ten (10) years or until a majority vote of the voting Owners

of all Lots subject to this Declaration shall determine that they shall terminate.

12.02 Enforcement and Nonwaiver:

(a) Right of Enforcement: Except as otherwise provided herein, Declarant, the Association, or any Owner or Owners shall have the right to enforce any and all of the covenants, conditions and restrictions now or hereafter imposed by this Declaration upon the Owners or upon any property within.

(b) Violations and Nuisance: Every act or omission whereby a covenant, condition or restriction of this Declaration 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 Declarant, the Association, or an Owner or Owners. However, any other provision to the contrary notwithstanding, only Declarant, the Board of the Association, or their duly authorized agents may enforce, without first obtaining an order therefor from a court with jurisdiction, any covenant, condition or restriction herein set forth.

(c) Remedies Cumulative: Each remedy provided by this Declaration is cumulative and not exclusive.

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

12.03 Condemnation of Common Area: If at any time all or any portion of any Common Area, or any interest therein, be taken for any public or quasi-public use, under any statute, by right of eminent domain, the entire award in condemnation shall be paid to the holder or holders of the fee title to such area as their interests may appear.

12.04 Obligations of Owners: No Owner may avoid the burdens or obligations imposed on him by these Restrictions through non-use of any Common Area or the facilities located thereon or by abandonment of his Lot. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any assessments levied with respect to such Lot after the date of such transfer, and no person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of any Owner under these Restrictions.

12.05 Construction and Severability; Singular and Plural; Titles:

(a) Restrictions Construed Together: All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of River Ridge Fairways, as set forth in the Preamble of this Declaration.

(b) Restrictions Severable: Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration 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.

(c) Singular Includes Plural: The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter gender shall each include the masculine, feminine and neuter, as the context requires.

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

IN WITNESS WHEREOF, the undersigned have executed this Declaration as of the day and year first hereinabove written.

STRATHMORE OXNARD COMPANY, a
California General Partnership

By: WATT CONSOLIDATED PARTNERSHIP,
a General Partnership,
General Partner

By: WATT INDUSTRIES, INC.,
a California corporation,
General Partner

By _____
Title: _____

By: STRATHMORE HOMES DEVELOPMENT
COMPANY, INC., a California
corporation, General Partner

By _____
RICHARD D. McNISH, President

STATE OF CALIFORNIA)
)
COUNTY OF _____) ss.

On this ____ day of _____, 198_, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as _____ of, and on behalf of WATT INDUSTRIES, INC., and acknowledged to me that said corporation is one of the partners of WATT CONSOLIDATED PARTNERSHIP (formerly Watt-Neu Partnership), and that WATT CONSOLIDATED PARTNERSHIP is one of the partners of STRATHMORE OXNARD COMPANY, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as a partner of WATT CONSOLIDATED PARTNERSHIP and that WATT CONSOLIDATED PARTNERSHIP executed the same as a partner of STRATHMORE OXNARD COMPANY, and that such partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this certificate first above written.

NOTARY PUBLIC in and for
said County and State

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On this ____ day of _____, 198_, before me, the undersigned, a Notary Public in and for said State, personally appeared RICHARD D. McNISH, known to me or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as President of, and on behalf of STRATHMORE HOMES DEVELOPMENT CO., INC., the corporation that executed the within instrument and acknowledged to me that said corporation is one of the partners of STRATHMORE OXNARD COMPANY, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this certificate first above written.

NOTARY PUBLIC in and for
said County and State