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**MASTER DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS [AS AMENDED]
FOR THE PLANNED DEVELOPMENT OF LAKE FOREST NO. II
IN ORANGE COUNTY, CALIFORNIA**

PREAMBLE

This MASTER DECLARATION is made on the 19th day of October, 1970, by OCCIDENTAL PETROLEUM LAND AND DEVELOPMENT CORPORATION, a California corporation (herein, MASTER DEVELOPER), as the owner of certain real property, situate in the unincorporated El Toro area of Orange County in the State of California, which together with property owned by another, approximates 891.74 acres, all of which property is legally described as set forth on the sheets attached hereto, marked "EXHIBIT A" (Pages 1 to 2, Inclusive) and lying within the boundaries delineated on that certain Record of Survey, filed on the 14th day of November 1969, in Book 90, Pages 31 and 32, in the Office of the Recorder of said county, which legal description and Record of Survey are incorporated herein by reference.

The said real property (herein, LAKE FOREST NO. II), is an area of much natural beauty, including distinctive terrain features and wooded areas; and it is the desire and intent of the MASTER DEVELOPER to create a planned development community, primarily for residential use, in which such natural beauty shall be substantially preserved and, for the enjoyment and convenience of the persons living in such community, enhanced by the installation and operation of recreational and limited commercial facilities; and the covenants, conditions and restrictions established by this MASTER DECLARATION are intended to secure such objectives.

DECLARATION

NOW, THEREFORE, THE MASTER DEVELOPER does hereby declare that LAKE FOREST NO. II is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions and restrictions.

ARTICLE 1

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases, when used in the LAKE FOREST RESTRICTIONS, shall have the meanings hereinafter specified.

ARCHITECTURAL COMMITTEE The term "ARCHITECTURAL COMMITTEE" shall mean the committee created pursuant to ARTICLE IV hereof.

ARCHITECTURAL COMMITTEE RULES The term "ARCHITECTURAL COMMITTEE RULES" shall mean the rules adopted by the ARCHITECTURAL COMMITTEE pursuant to Section 4.04 hereof.

ARTICLES The term "ARTICLES" shall mean the Articles of Incorporation of the MASTER ASSOCIATION which have been filed in the Office of the Secretary of State of the State of California, a true copy of which is attached hereto, marked "EXHIBIT B" and incorporated herein by this reference.

BENEFICIARY The term "BENEFICIARY" shall mean a mortgagee under a mortgage or a beneficiary or holder under a deed of trust, as the case may be, and/or the assignees of such mortgagee, beneficiary or holder.

BOARD The term "BOARD" shall mean the Board of Directors of the MASTER ASSOCIATION.

BY-LAWS The term "BY-LAWS" shall mean the BY-LAWS of the MASTER ASSOCIATION which have been or shall be adopted by the BOARD substantially in the form of "EXHIBIT C" attached thereto and incorporated herein by this reference, as such BY-LAWS may be amended from time to time.

COMMERCIAL AREA The term "COMMERCIAL AREA" shall mean all of the real property so classified in accordance with Section 3.01 hereof. *(First Amendment, 1971)*

COMMITTEE The term "COMMITTEE" shall mean the ARCHITECTURAL COMMITTEE.

COMMON AREA The term "COMMON AREA" shall mean all of the real property so classified in accordance with Section 3.01 hereof.

COST OF LIVING INDEX The term "COST OF LIVING INDEX" shall mean the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, all items, Los Angeles-Long Beach, California (1957-59 equals 100), or the successors of such index.

DEED OF TRUST The terms "DEED OF TRUST" or "TRUST DEED" shall mean a mortgage or a deed of trust, as the case may be.

FILE The terms "FILE" and "FILED" shall mean, with reference to any subdivision map or parcel map, the filing of said map, in the Office of the County Recorder of the County of Orange, State of California.

FISCAL YEAR The term "FISCAL YEAR" shall mean the Calendar Year from January 1 to December 31 of each year. *(Fourth Amendment, 1978)*

IMPROVEMENT The term "IMPROVEMENT" shall include buildings, outbuildings, garages, carports, roads, driveways, parking areas; fences, screening walls, retaining walls, stairs, decks, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment, and all other structures or landscaping improvements of every type and kind.

LAKE FOREST NO. II The term "LAKE FOREST NO. II" shall mean all that certain real property identified and described in the PREAMBLE to this MASTER DECLARATION, as the same is now and as it may, from time to time, be developed and improved.

LAKE FOREST RESTRICTIONS The term "LAKE FOREST RESTRICTIONS" shall mean this MASTER DECLARATION, together with any and all TRACT DECLARATIONS which may be recorded

by MASTER DEVELOPER pursuant to Section 2.01 hereof, as said TRACT DECLARATIONS may be amended from time to time, and the LAKE FOREST RULES from time to time in effect.

LAKE FOREST RULES The term "LAKE FOREST RULES" shall mean the rules adopted by the BOARD pursuant to section 5.06 hereof, as they may be amended from time to time.

LOT The term "LOT" shall mean each parcel of real property which is (1) a numbered lot on any RECORDED Subdivision Map for LAKE FOREST NO. II, and (2) classified as part of a Single-Family Area in accordance with Section 3.01 hereof.

The term "LOT" shall also mean and include any condominium unit which is (i) shown and defined as a condominium unit on a condominium plan recorded pursuant to the terms of Sections 1351 et seq. of the California Civil Code, and (ii) classified as part of a Single Family Area in accordance with Section 3.01 of the Lake Forest Restrictions. *(Third Amendment, 1975)*

MANAGER The term "MANAGER" shall mean the person or corporation appointed as such pursuant to Paragraph D of Section 5.05 hereof.

MASTER ASSOCIATION The term "MASTER ASSOCIATION" shall mean THE LAKE FOREST NO. II MASTER HOMEOWNERS ASSOCIATION, the non-profit California corporation described in ARTICLE V hereof, including its successors and assigns.

MASTER DECLARATION The term "MASTER DECLARATION" shall mean this instrument , as it may be amended from time to time pursuant to Section 7.01 hereof.

MASTER DEVELOPER The term "MASTER DEVELOPER" shall mean OCCIDENTAL PETROLEUM LAND AND DEVELOPMENT CORPORATION, or its successor.

MEMBER The term "MEMBER" shall mean any person, corporation, partnership, joint venture or other legal entity who or which is a MEMBER of the MASTER ASSOCIATION, or its successor unincorporated association, pursuant to Section 5.02 hereof.

MOBILE HOME PARK AREA The term "MOBILE HOME PARK AREA" shall mean all of the real property so classified in accordance with Section 3.01 hereof.

MORTGAGEE The term "MORTGAGEE" shall mean a beneficiary under, or holder of, a deed of trust or a mortgagee under a mortgage, as the case may be, and/or the assignee of such beneficiary, holder or mortgagee.

MULTIPLE FAMILY AREA The term "MULTIPLE FAMILY AREA" shall mean all of the real property so classified in accordance with Section 3.01 hereof.

NOTICE The term "NOTICE" shall mean a written notice delivered pursuant to Section 7.03 hereof.

OPERATING FUND The term "OPERATING FUND" shall mean the fund created for the receipts and disbursements of the MASTER ASSOCIATION, pursuant to Section 6.01 hereof.

OWNER(S) The term "OWNER(S)" shall mean (1) a person or persons whose interest or interests in a LOT aggregate fee simple absolute or, as the case may be, (2) the purchaser of a LOT under an executory contract for the sale of real property, but only if it is a "real property sales contract" as defined in Section 2985 of the Civil Code of the State of California, as said Section may be amended from time to time (except that unless otherwise expressly provided in the LAKE FOREST RESTRICTIONS, the term "OWNER(S)" shall not include the MASTER DEVELOPER, but shall include a PARTICIPATING DEVELOPER). For the purpose of Section 3.02 of ARTICLE III only, unless the

context otherwise requires, OWNER(S) shall also include the family, invitees, licensees, and lessees of any OWNER(S).

PARTICIPATING DEVELOPER(S) The term "PARTICIPATING DEVELOPER(S)" shall mean any person (but not a PUBLIC PURCHASER) to whom the MASTER DEVELOPER shall have transferred and conveyed any portion of LAKE FOREST NO. II and whose primary purpose in acquiring the same shall be the development thereof for residential, commercial or recreational use and the resale of separate portions of the same for gain to a PUBLIC PURCHASER.

PERSON The term "PERSON" shall mean a natural individual, a natural individual acting in a legal capacity, or a corporation, unincorporated association, partnership, joint venture, trustee, conservator, executor, administrator, or any other entity with the legal right to hold title to real property.

PUBLIC PURCHASER The term "PUBLIC PURCHASER" shall mean any purchaser, provided, that the said term shall not include a PARTICIPATING DEVELOPER and shall not include a corporation, partnership, joint venture or other legal entity in which MASTER DEVELOPER has an ownership interest in excess of ten percent or which has such an interest in MASTER DEVELOPER.

RECORD The terms "RECORD", "RECORDED" and "RECORDATION" shall mean with respect to any document, the recordation of said document in the office of the County Recorder of the County of Orange, State of California.

RECREATIONAL AREA The term "RECREATIONAL AREA" shall mean all of the real property so classified in accordance with Section 3.01 hereof.

RESTRICTED COMMON AREA The term "RESTRICTED COMMON AREA" shall mean all of the real property so classified in accordance with Section 3.01 and 3.04 hereof. *(Second Amendment, 1973)*

SINGLE FAMILY The term "SINGLE FAMILY" shall mean a group of 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 dwelling.

SINGLE-FAMILY AREA The term "SINGLE-FAMILY AREA" shall mean all of the real property so classified in accordance with Section 3.01 hereof.

SINGLE-FAMILY DWELLING(S) The term "SINGLE-FAMILY DWELLING(S)" shall mean a dwelling unit, whether or not connected by a common or party wall with one or more other dwelling units, provided that it is located on its individual lot and is used as a residence for a SINGLE FAMILY, including any appurtenant garage, carport or similar outbuilding.

The term "SINGLE FAMILY DWELLING(S)" shall also mean and include condominium unit(s) to the extent included within the definition of "Lot" as defined in the Lake Forest Restrictions. *(Third Amendment, 1975)*

SINGLE-FAMILY RESIDENTIAL USE The term "SINGLE-FAMILY RESIDENTIAL USE" shall mean the occupation or use of a SINGLE-FAMILY DWELLING(S) in conformity with the LAKE FOREST RESTRICTIONS and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulations.

SUB-ASSOCIATION(S) The term "SUB-ASSOCIATION(S)" shall mean any not-for-profit California corporation or unincorporated association or the successors of any of them, organized and established by the MASTER DEVELOPER or by any PARTICIPATING DEVELOPER or by any OWNER or group of OWNERS pursuant to or in connection with any covenants, conditions or

restrictions established by the MASTER DEVELOPER or any PARTICIPATING DEVELOPER and relating to any contiguous area with LAKE FOREST NO. II.

SUBDIVIDED and SUBDIVISION MAP The term "SUBDIVIDED" shall mean the artificial division or separation of a parcel of real property into LOTS, shown on a SUBDIVISION MAP or Parcel Map. The term "SUBDIVISION MAP" shall mean (a) any "final map" within the meaning of the provisions of Division 4, Part 2, Chapter 2, of the Business and Professions Code of the State of California, or (b) any "parcel map" within the meaning of the provisions of Division 4, Part 2, Chapter 2, of the Business and Professions Code of the State of California, as any or all of such provisions may be amended from time to time.

TRACT DECLARATION The term "TRACT DECLARATION" shall mean any declaration of covenants, conditions and restrictions which may be RECORDED by MASTER DEVELOPER pursuant to Section 2.01 of this MASTER DECLARATION.

VISIBLE FROM NEIGHBORING PROPERTY The term "VISIBLE FROM NEIGHBORING PROPERTY" shall mean, with respect to any given object located on any LOT within a Single-Family Area, that such object is or would be visible to a person six-feet tall, standing on any part of any neighboring LOT within a Single-Family Area at an elevation no greater than the elevation of the first floor of the dwelling located on said neighboring LOT, provided, however, that this definition (nor any prohibitions or restrictions referring thereto) shall not be applicable in cases where the grade level elevation of the neighboring LOT exceeds that of the other LOT by more than one (1) foot.

ARTICLE II

SUBDIVISION, DEVELOPMENT AND SALE OF SUBJECT PROPERTY BY MASTER DEVELOPER AND/OR PARTICIPATING DEVELOPER(S) /EFFECT OF LAKE FOREST RESTRICTIONS

SECTION 2.01 SUBDIVISION, ETC. BY MASTER DEVELOPER AND/OR PARTICIPATING DEVELOPER

A. The MASTER DEVELOPER intends to subdivide some or all of the present unsubdivided portions of LAKE FOREST NO. II into several tracts and develop the same, but contemplates that some or all portions of LAKE FOREST NO. II may be subdivided and developed by one or more PARTICIPATING DEVELOPERS. As each portion is subdivided (whether by the MASTER DEVELOPER or by a PARTICIPATING DEVELOPER) MASTER DEVELOPER intends, with respect thereto, to record one or more declarations of covenants, conditions and restrictions ("TRACT DECLARATION" herein) which will incorporate the MASTER DECLARATION therein by reference, and which may supplement the MASTER DECLARATION with such additional covenants, conditions and restrictions as MASTER DEVELOPER may deem appropriate for that tract. Thereafter, MASTER DEVELOPER intends to sell and convey, to Public Purchasers, LOTS in each tract so developed by it, subject to both the MASTER DECLARATION and the TRACT DECLARATION, if any, for that tract; and MASTER DEVELOPER contemplates that PARTICIPATING DEVELOPERS shall, similarly, sell and convey LOTS in each TRACT developed by such PARTICIPATING DEVELOPER.

B. No portion of land within LAKE FOREST NO. II shall be subdivided except upon the express written consent of the MASTER DEVELOPER, it being the intent:

1. With respect to overall plan and overall and individual configuration, any such subdivision shall not, in the sole determination of the MASTER DEVELOPER adversely affect the orderly development of LAKE FOREST NO. II, nor do damage

to the natural beauty and terrain, wooded and other features of LAKE FOREST NO. II.

2. The determination as to the quantity of land within any such subdivision dedicated or granted for public use and/or utility purposes, the size of and the minimum number of lots created by any such subdivision intended to be classified as Single Family Area, shall be related to the master plan of the MASTER DEVELOPER which contemplates that a sufficient number of LOTS shall be created, developed with SINGLE-FAMILY DWELLING(S) and sold to PUBLIC PURCHASERS to produce enough revenue from operation and maintenance assessments to pay the costs for the operation and maintenance of all Common and Recreational Areas and facilities which may be developed thereon at a per capita amount based upon not fewer than 3,500 SINGLE-FAMILY DWELLINGS.
3. Each PARTICIPATING DEVELOPER shall, prior to such consent, furnish and deliver a bond or other acceptable security to (or enter into any other acceptable plan with) the Commissioner of Real Estate of the State of California, pursuant to the applicable provisions of the laws of the State of California and any regulations promulgated thereunder, from time to time in effect, relating to planned developments.
4. Each PARTICIPATING DEVELOPER shall (but subject to the requirements, if any, of the Commissioner of Real Estate of the State of California), and subject to the written approval of the MASTER DEVELOPER, fix and establish any conditions, covenants, restrictions or limitations, relating to the use of any such subdivision or portions thereof and other matters; and shall in connection therewith, establish a homeowners association, (SUB-ASSOCIATION), provided, however, that no such conditions, covenants, restrictions, or limitations, nor the powers, rights or duties of any such SUB-ASSOCIATION shall, in any event, be inconsistent with nor be deemed in any way to supersede the LAKE FOREST RESTRICTIONS; and the LAKE FOREST RESTRICTIONS shall be deemed paramount and authoritative with respect to any such inconsistent covenants, conditions, restrictions, limitations, rights, powers or duties.

Notwithstanding the foregoing provisions of this Subsection 2.01 B.4., a Participating Developer shall not be required to establish a homeowners association (sub-association) for any subdivision within Lake Forest No. II if, in the opinion of the Master Developer, such subdivision does not contain any element which would require the establishment of an association for proper maintenance, operation, or other purposes. *(Third Amendment, 1975)*

SECTION 2.02 EFFECTS OF LAKE FOREST RESTRICTIONS

The MASTER DECLARATION and the LAKE FOREST RESTRICTIONS shall constitute and be deemed equitable servitudes upon all of the subject property, shall run with the land, and shall be binding upon and shall inure to the benefit to all PERSONS having or hereafter acquiring any right, title or interest in the subject property, provided, nevertheless, that except as otherwise expressly provided in the LAKE FOREST RESTRICTIONS, any and all real property owned by MASTER DEVELOPER situate within LAKE FOREST NO. II shall not be subject to the LAKE FOREST RESTRICTIONS, and none of the provisions of the LAKE FOREST RESTRICTIONS shall be deemed to have imposed any equitable servitudes, expressed or implied, on any real property owned by MASTER DEVELOPER, wherever located unless and until a tract map shall have been recorded thereon. The LAKE FOREST RESTRICTIONS shall not apply to the MASTER DEVELOPER or any PARTICIPATING DEVELOPER,

their agents or employees, during the course of construction of improvements within LAKE FOREST NO. II by THE MASTER DEVELOPER or such PARTICIPATING DEVELOPER insofar as they would interfere with such construction.

SECTION 2.03 OWNERS' EASEMENTS OF ENJOYMENT

Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

1. The right of the MASTER ASSOCIATION to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
2. The right of the MASTER ASSOCIATION to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 30 days for any infraction of its published rules and regulations after hearing by the Board of Directors of the MASTER ASSOCIATION;
3. The right of the MASTER ASSOCIATION to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

Notwithstanding any of the foregoing, the Master Association, through the consent and approval of a majority of the Board and the approval of seventy-five percent (75%) of the owners of Lots within a particular Tract in Lake Forest No. II with private streets which are held in fee by the Master Association as common areas, may dedicate and transfer those common areas which are improved as private streets to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Board and said owners. *(Fourth Amendment, 1978)*

Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

LAND CLASSIFICATION, PERMITTED USES AND RESTRICTIONS

SECTION 3.01 LAND CLASSIFICATIONS

All land within LAKE FOREST NO. II shall be divided by the MASTER DEVELOPER into one or the other of the following use classifications:

- A. Single Family Area(s)
- B. Common Area(s)
- C. Restricted Common Area(s)
- D. Recreational Area(s)
- E. Multiple Family Area(s)
- F. Commercial Area(s)

G. Mobile Home Park Areas(s)

As each portion of LAKE FOREST NO. II is subdivided, the use classifications thereof, including any number of subclassifications thereof for any special uses, shall be fixed by the MASTER DEVELOPER, in its sole and absolute discretion, in the TRACT DECLARATION which may be RECORDED for that tract. *(Third Amendment, 1975)*

SECTION 3.02 SINGLE FAMILY AREAS: PERMITTED USES, AND RESTRICTIONS

Single-Family Areas shall consist of all property restricted to Single-Family Residential uses. All property within such areas shall be for the exclusive use and benefit of the OWNERS thereof, subject, however, to all of the following limitations and restrictions:

A. SINGLE-FAMILY RESIDENTIAL USE. All property within Single-Family Areas shall be improved and devoted exclusively to Single-Family Residential Uses. No gainful occupation, profession, trade or other non-residential use shall be conducted on any such property. Nothing herein shall be deemed to prevent the lease of such property from time to time by the OWNER thereof, subject to all of the provisions of the LAKE FOREST RESTRICTIONS.

B. ANIMALS. No animals or birds, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any property within Single-Family Areas and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal or bird shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be visible from Neighboring Property. Upon the written request of any OWNER, the BOARD shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this paragraph, a particular animal or bird is a generally recognized house or yard pet, or a nuisance or whether the number of animals or birds on any such property is reasonable.

C. ANTENNAS. No antenna or other device for the transmission or reception of television signals, radio signals, or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any property within Single-Family Areas, whether attached to a building or structure or otherwise.

D. IMPROVEMENTS AND ALTERATIONS. No improvements, excavation or other work which in any way alters the exterior appearance of any property within Single-Family Areas or the improvements located thereon from its natural or improved state existing on the date such property was first conveyed in fee by MASTER DEVELOPER or a PARTICIPATING DEVELOPER, as the case may be, to a Public Purchaser shall be made or done without the prior approval of the ARCHITECTURAL COMMITTEE, except as otherwise expressly provided in the LAKE FOREST RESTRICTIONS.

E. TEMPORARY OCCUPANCY. No trailer, basement of any 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 on any property within Single-Family Areas, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such property shall be removed immediately after the completion of construction.

F. TRAILERS, BOATS AND MOTOR VEHICLES. No mobile home, trailer of any kind, truck camper, permanent tent or similar structure, or boat, shall be kept, placed, maintained, constructed, reconstructed or repaired, nor shall any motor vehicle be constructed, reconstructed or repaired, upon any property or street (public or private) within any Single-Family Area in such a manner as will be Visible From Neighboring Property; provided, however, that the Provisions of this Paragraph shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the ARCHITECTURAL COMMITTEE.

The provisions of this Subsection 3.02 F. shall also apply to all those vehicles commonly referred to as recreational vehicles. The Master Association shall have the power at all times, and from time to time, to make and enforce rules which implement the provisions of this subsection, and any interpretation of the provisions of this subsection shall be within the discretion of the Master Association.

As used herein, the reference to "street (public or private) within any Single Family Area" shall also mean and refer to such streets which are adjacent to any Single Family Area. *(Third Amendment, 1975)*

G. MAINTENANCE OF LAWNS AND PLANTINGS. Except as the same may in fact be maintained by any SUB-ASSOCIATION, each OWNER of property within Single-Family Areas shall keep all shrubs, trees, grass and plantings of every kind on his property, including setback areas and planted areas between adjacent sidewalks and the street curb, if any, and on any Common Area located between the boundary line of his property and the street (public or private) on which such property abuts, neatly trimmed, properly cultivated and free of trash, weeds and other unsightly material; provided, however, that if the width of any such Common Area exceeds 25 feet, the MASTER ASSOCIATION (to the extent that the same shall not be maintained by any SUB-ASSOCIATION) will maintain such Common Area, and no such OWNER shall be responsible for maintenance of all such Common Area. The MASTER ASSOCIATION shall have the right, at any time, to plant, replace, maintain and cultivate shrubs, trees, grass and plantings on any property within Common Areas regardless of whether any OWNER, SUB-ASSOCIATION or the MASTER ASSOCIATION is responsible hereunder for maintenance of such areas. No OWNER shall remove, alter, injure or interfere in any way with any shrubs, trees, grass or plantings placed upon any property within Common Areas by the MASTER DEVELOPER or any PARTICIPATING DEVELOPER, or the MASTER ASSOCIATION without the written consent of the MASTER ASSOCIATION having first been obtained. The MASTER ASSOCIATION or its authorized agents shall have the right to enter upon any property within Common Areas, at any reasonable time, for the purpose of planting, replacing, maintaining or cultivating such shrubs, trees, grass or plantings, and shall not be liable for trespass for so doing.

H. NUISANCES. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any property within Single-Family Areas, and no odors shall be permitted to arise therefrom, so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or any other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property.

I. REPAIR OF BUILDINGS. No building or structure upon any property within Single-Family Areas shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished.

J. TRASH CONTAINERS AND COLLECTION. No garbage or trash shall be placed or kept on any property within Single-Family Areas except in covered containers of a type, size and style which are approved by the BOARD. In no event shall such containers be maintained so as to be Visible from Neighboring Property except to make the same available for collection and, then, only the shortest time reasonably necessary to effect such collection.

K. CLOTHES DRYING FACILITIES. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any property within Single-Family Areas unless they are erected, placed and maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property. ***Please note that some provisions of this paragraph have been superseded by Civil Code §4753.**

L. SIDEWALK ENCROACHMENTS. No tree, shrub or planting of any kind on any property within Single-Family Areas shall be allowed to overhang or otherwise to encroach upon any sidewalk or other pedestrian way from ground level to a height of seven feet without the prior approval of the ARCHITECTURAL COMMITTEE.

M. RIGHT-OF-ENTRY. During reasonable hours, any member of the ARCHITECTURAL COMMITTEE, any member of the BOARD, or any authorized representative of either of them, shall have the right to enter upon and inspect any property within Single-Family Areas, and the improvements thereon, for the purpose of ascertaining whether or not the provisions of the LAKE FOREST RESTRICTIONS have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry, provided that at least 24 hours' notice shall be given to the OWNER before any such entry. *(First Amendment, 1971)*

N. MINERAL EXPLORATION. No property within Single-Family Areas 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 of any kind.

O. MACHINERY AND EQUIPMENT. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any property within Single Family Areas except such machinery or equipment as is usual and customary in Orange County, California, in connection with the use, maintenance or construction of a private residence or appurtenant structures.

P. REMOVAL OF TREES. In order that the natural beauty of LAKE FOREST NO. II may be preserved, no living tree having a height of six feet or more shall be destroyed or removed from any property within Single-Family Areas or Common Areas, without the prior written consent of the ARCHITECTURAL COMMITTEE. In the event of a violation of this Paragraph, the Board shall cause such tree to be replaced with another tree. The OWNER of such property shall reimburse the MASTER ASSOCIATION for all expenses incurred by it in performing its obligations under this paragraph; provided, however, that with respect to the replacement of any tree the OWNER shall not be obligated to pay an amount in excess of the expenses which would have been incurred by the MASTER ASSOCIATION if the BOARD had replaced the destroyed or removed tree with a tree similar in type and size.

Q. DISEASES AND INSECTS. No OWNER shall permit any thing or condition to exist upon any property within Single-Family Areas which shall induce, breed or harbor infectious plant diseases or noxious insects.

R. RESTRICTION ON FURTHER SUBDIVISION. No LOT within Single-Family Areas shall be further subdivided, and no portion less than all of any such LOT, nor any easement or other interest therein, shall be conveyed by any OWNER without the prior written approval of the ARCHITECTURAL COMMITTEE.

S. SIGNS. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible from Neighboring Property shall be erected or maintained on any parcel of property within Single-Family Areas except:

1. Such signs as may be required by law.
2. A residential identification sign of a combined total face area of seventy-two square inches or less.
3. During the time of construction of any building or other improvement, one job identification sign not larger than eighteen by twenty-four inches in height and width and having a face area not larger than three square feet.
4. A "For Sale" or "For Rent" sign, of a reasonable type, size and appearance, which is similar to other signs customarily used in Orange County, California, to advertise individual parcels of residential real property.

provided that, to the extent that the MASTER DEVELOPER and any PARTICIPATING DEVELOPERS shall have entered into an agreement relating to the same and with respect to the marketing of its development the provisions of this Subparagraph S of Section 3.02 shall not apply to any PARTICIPATING DEVELOPERS. ***Please note that some provisions of this paragraph have been superseded by Civil Code §4710**

T. MASTER DEVELOPER'S EXEMPTION. Nothing contained in the LAKE FOREST RESTRICTIONS shall be construed to prevent the erection or maintenance by MASTER DEVELOPER, or its duly authorized agents, of structures or signs necessary or convenient to the development, sale, operation or other disposition of property within Single-Family Areas, provided that the MASTER DEVELOPER shall not erect any signs or structures of a type intended to compete with the sales efforts of a PARTICIPATING DEVELOPER unless the MASTER DEVELOPER shall agree that the PARTICIPATING DEVELOPER may erect signs or structures of a similar type, nor shall the MASTER

DEVELOPER nor PARTICIPATING DEVELOPER place or maintain any sign on any individual lots completed and conveyed to public purchasers.

U. Any PARTICIPATING DEVELOPER or any of its designated agents, proposing to make any improvement which, under this Section 3.02 requires the prior approval of the ARCHITECTURAL COMMITTEE, shall, instead, obtain such approval from the MASTER DEVELOPER, and with regard to any such PARTICIPATING DEVELOPER or its agent the words ARCHITECTURAL COMMITTEE or COMMITTEE, wherever they appear in this Section 3.02 or in Section 3.03 shall be deemed to refer to the MASTER DEVELOPER, except that the MASTER DEVELOPER shall not charge PARTICIPATING DEVELOPER any examination or inspection fee.

SECTION 3.03 SINGLE-FAMILY AREAS: CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

A. APPLICATION FOR APPROVAL OF IMPROVEMENTS. Any OWNER, except the MASTER DEVELOPER, PARTICIPATING DEVELOPER, and their designated agents, proposing to make any improvement of any kind whatever which, under Section 3.02 hereof, requires the prior approval of the ARCHITECTURAL COMMITTEE shall apply for approval by delivering to such COMMITTEE written application describing the nature of the proposed improvement together with the following documents and information, in such number of copies as said COMMITTEE may require:

1. A plot plan of the affected property showing the location of existing and proposed improvements.
2. Floor plans.
3. Drawings showing all elevations.
4. A description of exterior materials and color, with color samples.
5. The proposed construction schedule of the OWNER.

The ARCHITECTURAL COMMITTEE may require that every written application for approval in connection with any proposed improvement be accompanied by a non-refundable examination and inspection fee to be paid to the ARCHITECTURAL COMMITTEE. Such fee shall be used to cover expenses of the COMMITTEE incurred in connection with each application, and any excess shall be refunded to the applicant. In no event may any fee exceed \$100.00.

B. BASIS FOR APPROVAL OF IMPROVEMENTS. The ARCHITECTURAL COMMITTEE shall grant the requested approval only if said COMMITTEE determines, in its sole and absolute discretion, that:

1. The OWNER shall have strictly complied with the provisions of Paragraph A of this Section.
2. The proposed improvement conforms to the LAKE FOREST RESTRICTIONS, particularly to the requirements and restrictions of this Section, and to the ARCHITECTURAL COMMITTEE RULES in effect at the time the application for approval was submitted.
3. The proposed improvement is compatible with the standards of LAKE FOREST NO. II and the purposes of the LAKE FOREST RESTRICTIONS as to quality of workmanship and materials, as to harmony of external design with existing structures, as to location with respect to topograph, and finished grade elevations.
4. The proposed improvement otherwise complies with all applicable laws and ordinances.

C. FORM OF APPROVAL. All approvals given under the foregoing Paragraph B shall be in writing; provided, however, that any such application for approval which has not been rejected within thirty days from the date of submission thereof to the ARCHITECTURAL COMMITTEE shall be deemed approved. One set of plans as finally approved shall be retained by the ARCHITECTURAL COMMITTEE as a permanent record.

D. PROCEEDING WITH WORK. Upon receipt of approval from the ARCHITECTURAL COMMITTEE pursuant to Paragraph B or C of this Section, the OWNER shall, as soon as practicable (and upon the issuance of permit by the applicable governmental agency), satisfy all terms and conditions thereof and diligently proceed with the commencement and completion of all construction, refinishing, alterations and excavations pursuant to said approval; provided, however, such commencement shall occur, in all cases, within one year from the date of such approval if upon the application of an OWNER (and within two months if upon the application of a PARTICIPATING DEVELOPER). If the OWNER shall fail to comply strictly with this Paragraph, any approval given pursuant to Paragraphs B or C of this Section shall be deemed revoked unless the ARCHITECTURAL COMMITTEE, upon written request of the OWNER made prior to the expiration of said one-year or two-month period, extends the time of such commencement. No such extension shall be granted except upon a finding by the ARCHITECTURAL COMMITTEE, in its sole and absolute discretion, that there has been no change in the circumstances under which the original approval was granted.

E. FAILURE TO COMPLETE WORK. The OWNER shall, in any event, complete the construction, reconstruction, refinishing or alteration of any such improvement within six months after commencing construction thereof, except and for so long as such completion is rendered objectively impossible or would result in great hardship to the owner due to labor disputes, fires, national emergencies, natural calamities or other supervening forces beyond the reasonable control of the OWNER or his agents. If the OWNER fails to comply strictly with this Paragraph, the ARCHITECTURAL COMMITTEE shall notify the MASTER ASSOCIATION of such failure, and the MASTER ASSOCIATION shall proceed in accordance with the provisions of the following Paragraph F as though the failure to complete the improvement constituted a non-compliance with approved plans.

F. INSPECTION OF WORK. Inspection of work and correction of defects therein shall proceed as follows:

1. Upon the completion of any construction or reconstruction or the alteration or refinishing of the exterior of any improvement, or upon the completion of any other work for which approved plans are required under this ARTICLE III, the OWNER shall give written notice of completion to the ARCHITECTURAL COMMITTEE.
2. Within sixty days thereafter, the ARCHITECTURAL COMMITTEE or its duly authorized representative may inspect such improvement to determine whether it was [constructed], reconstructed, altered or refinished in substantial compliance with the approved plans. If the ARCHITECTURAL COMMITTEE finds that such construction, reconstruction, alteration or refinishing was not done in substantial compliance with the approved plans, it shall notify the OWNER in writing of such non-compliance within such sixty-day period, specifying the particulars of non-compliance, and shall require the OWNER to remedy such non-compliance.
3. If upon the expiration of thirty days from the date of such notification, the OWNER shall have failed to remedy such non-compliance, the ARCHITECTURAL COMMITTEE shall notify the BOARD in writing of such failure. The BOARD shall then set a date on which a hearing shall be held before it regarding the alleged non-compliance. The hearing date shall be not more than thirty days nor less than fifteen days after notice of non-compliance is given to the BOARD by the ARCHITECTURAL COMMITTEE. Written notice of the hearing date shall be given at least ten days in advance thereof by the ASSOCIATION to the OWNER, the ARCHITECTURAL COMMITTEE and, in the discretion of the BOARD, to any other interested party.
4. 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 non-compliance. After considering all such information, the BOARD shall determine whether there is a non-compliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a non-compliance exists, the BOARD shall announce its ruling at the conclusion of the hearing and, promptly thereafter, shall direct the OWNER in writing to remedy or remove the same within a period of not more than forty-five days from the date of announcement 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 non-complying improvement or remedy the non-compliance, and the OWNER shall reimburse the MASTER ASSOCIATION, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the OWNER to the MASTER ASSOCIATION, the BOARD shall levy a reimbursement assessment against such OWNER pursuant to Section 6.03 hereof

5. If for any reason the ARCHITECTURAL COMMITTEE fails to notify the OWNER of any non-compliance within sixty days after receipt of said written notice of completion from the OWNER, the improvement shall be deemed to be in accordance with said approved plans.

SECTION 3.04 COMMON AREAS AND RECREATIONAL AREAS: PERMITTED USES, CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

Common Areas and Recreational Areas shall be used for recreational purposes or to enhance the enjoyment by the OWNERS of the natural environment of LAKE FOREST NO. II, for ingress and egress between the dwelling units and garages and a public street, for utility purposes (including sewers) and for no other purposes, unless expressly so and as provided in any TRACT DECLARATION. No improvements, excavation or work which in any way alters any Common Area or Recreational Area from its natural or existing state on the date such Area was transferred to or otherwise came under the jurisdiction of the MASTER ASSOCIATION shall be made or done except upon strict compliance with, and within the restrictions and limitations of, the following provisions of this Section.

A. LIMITATION ON CONSTRUCTION. No person other than the MASTER ASSOCIATION or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub or other vegetation from any Common Area or Recreational Area.

B. MAINTENANCE BY MASTER ASSOCIATION. The MASTER ASSOCIATION may at any time, as to any Common Area or Recreational Area conveyed, leased or transferred to it, or otherwise place under its jurisdiction:

1. Reconstruct, replace or refinish any improvement or portion thereof upon any such Area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such Area), in accordance with (a) the plans filed by MASTER DEVELOPER with the ARCHITECTURAL COMMITTEE pursuant to the following Paragraph C, or (b) if the foregoing clause is not applicable, and if such improvement existed upon such Area when it was transferred to or otherwise placed under the jurisdiction of the MASTER ASSOCIATION, then, in accordance with the original design, finish or standard of construction of such improvement when the MASTER ASSOCIATION acquired jurisdiction over such Area. *(Third Amendment, 1975)*
2. Construct, reconstruct, replace or refinish any road improvement or surface upon portion of such Area used as a road, driveway or parking area.
3. Replace injured or diseased trees, shrubs or other vegetation in any such Area, and plant trees, shrubs and other vegetation to the extent that the MASTER ASSOCIATION deems necessary for the conservation of water and soil or for aesthetic purposes.

4. Place and maintain upon any such Area such signs as the MASTER ASSOCIATION may deem appropriate for the proper identification, use and regulation thereof.
5. With the exception of land conveyed to MASTER ASSOCIATION by the MASTER DEVELOPER, or acquired by the methods provided herein for annexation thereafter, or consolidation, no land may be conveyed to the MASTER ASSOCIATION without its consent. *(Third Amendment, 1975)*

C. PLANS AND SPECIFICATIONS OF THE MASTER DEVELOPER AND PARTICIPATING DEVELOPER. The MASTER DEVELOPER and every PARTICIPATING DEVELOPER shall from time to time file with the ARCHITECTURAL COMMITTEE such plans and specifications as it may have in its possession for the purpose of maintaining a permanent record of improvements constructed on any Common Areas or Recreational Areas.

D. RESTRICTED COMMON AREAS. The MASTER DEVELOPER, or any PARTICIPATING DEVELOPER(S) with the consent of the MASTER DEVELOPER, may restrict the Common Area(s), or any portion(s) thereof, within LAKE FOREST NO. II to the exclusive use by one or more OWNERS within LAKE FOREST NO. II. Such areas shall be known as RESTRICTED COMMON AREAS. Said designation of any Common Area(s), or any portion(s) thereof, shall be made by the MASTER DEVELOPER or PARTICIPATING DEVELOPER(S) in the Tract Declarations for the respective Tract(s). Said RESTRICTED COMMON AREA(S) shall be used by the designated OWNER(S) to the exclusion of use by other OWNERS of the Common Area(s), except by invitation. The designation of any Common Area as RESTRICTED COMMON AREA shall not in any way impair or abridge the rights and/or obligations of the MASTER ASSOCIATION in regard to the Common Area(s) as provided in this MASTER DECLARATION. *(Second Amendment, 1973)*

SECTION 3.05 MULTIPLE-FAMILY AREAS: PERMITTED USES AND RESTRICTIONS;
CONSTRUCTION AND ALTERATION OF IMPROVEMENTS.

The Definition of Multiple-Family Areas, the permitted uses and restriction for such Areas, and the restrictions governing the construction and alteration of improvements thereon shall be fixed by MASTER DEVELOPER; in its sole and absolute discretion, in the TRACT DECLARATIONS which may be RECORDED with respect to such Areas.

SECTION 3.06 COMMERCIAL AREAS: PERMITTED USES AND RESTRICTIONS;
CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

The definition of Commercial Areas, the permitted uses and restrictions for such Areas, and the Restrictions governing the construction and alteration of improvements thereon, shall be fixed by MASTER DEVELOPER, in its sole and absolute discretion, in the TRACT DECLARATIONS which may be RECORDED with respect to such Areas.

SECTION 3.07 MOBILE HOME PARK AREA: PERMITTED USES AND RESTRICTIONS;
CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

The definition of Mobile Home Park Areas, the permitted uses and restrictions for such Areas and the restrictions governing the construction and alteration of improvements thereon, shall be fixed by MASTER DEVELOPER in its sole and absolute discretion in the TRACT DECLARATIONS which may be recorded with respect to such Areas.

ARTICLE IV

ARCHITECTURAL COMMITTEE

SECTION 4.01 ORGANIZATION, POWER OF APPOINTMENT AND REMOVAL OF MEMBERS

There shall be an ARCHITECTURAL COMMITTEE, organized as follows:

A. **COMMITTEE COMPOSITION.** The ARCHITECTURAL COMMITTEE shall consist of three regular members and two alternate members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership.

B. **ALTERNATE MEMBERS.** In the event of the absence or disability of one or two regular members of said COMMITTEE, the remaining regular member or members, even though less than a quorum, may designate either or both of the alternate members to act as substitutes for the absent or disabled regular member or members for the duration of such absence or disability.

C. **INITIAL MEMBERS.** The following persons are hereby designated as the initial members of the ARCHITECTURAL COMMITTEE:

Office No. 1 – Donald Wilkinson

Office No. 2 – Robert Figeira

Office No. 3 – Graeme Doane

Office No. 4 – G. L. Hosburg

Office No. 5 – William P. Bowman

D. **TERMS OF OFFICE.** Unless the initial members of the ARCHITECTURAL COMMITTEE have resigned or been removed, their terms of office shall be for the periods of time below, and until the appointment of their respective successors:

1. The term of Office No. 1 shall expire December 31, 1971.
2. The term of Office No. 2 shall expire December 31, 1972.
3. The term of Office No. 3 shall expire December 31, 1973.
4. The terms of Office No. 4 and Office No. 5 shall both expire December 31, 1974.

Thereafter, the term of each ARCHITECTURAL COMMITTEE member appointed shall be for a period of three years and until the appointment of his successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired may be reappointed.

E. **APPOINTMENT AND REMOVAL.** For a period of five (5) years from the date of RECORDATION of this MASTER DECLARATION, the right to appoint and remove all regular and alternate members of the ARCHITECTURAL COMMITTEE, at any time, shall be and is hereby vested solely in MASTER DEVELOPER unless prior to said time a declaration is RECORDED by MASTER DEVELOPER waiving its rights hereunder. When MASTER DEVELOPER so waives, or no longer has the right to appoint and remove the regular and alternate members of the COMMITTEE, said right shall

be vested solely in the BOARD acting on behalf of the MASTER ASSOCIATION: provided, however, that no regular or alternate members may be removed from the ARCHITECTURAL COMMITTEE by the BOARD except by the vote or written consent of four-fifths of all the members of the BOARD. *(Third Amendment, 1975)*

F. RESIGNATIONS. Any regular or alternate member of the ARCHITECTURAL COMMITTEE may at any time resign from the COMMITTEE by giving written notice thereof to MASTER DEVELOPER or to the BOARD, whichever then has the right to appoint COMMITTEE members.

G. VACANCIES. Vacancies on the ARCHITECTURAL COMMITTEE, however caused, shall be filled by MASTER DEVELOPER or the BOARD, whichever then has the power to appoint COMMITTEE members. A vacancy or vacancies on the ARCHITECTURAL COMMITTEE shall be deemed to exist in case of the death, resignation or removal of any regular or alternate member.

SECTION 4.02 DUTIES

It shall be the duty of the ARCHITECTURAL COMMITTEE to consider and act upon any and all 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 BOARD, and to carry out all other duties imposed upon it by the LAKE FOREST RESTRICTIONS.

SECTION 4.03 MEETINGS AND COMPENSATION

The ARCHITECTURAL COMMITTEE shall meet from time to time as necessary to perform its duties hereunder. Subject to the provisions of Paragraph B of Section 4.01 hereof, the vote of written consent of any two regular members, at a meeting or otherwise, shall constitute the act of the COMMITTEE unless the unanimous decision of the COMMITTEE is required by any other provisions of the LAKE FOREST RESTRICTIONS. The COMMITTEE shall keep and maintain a written record of all actions taken by it at such meetings or otherwise. Members of the ARCHITECTURAL COMMITTEE shall be entitled to reimbursement from the MASTER ASSOCIATION or any SUB-ASSOCIATION for all reasonable expenses incurred by them in the performance of any ARCHITECTURAL COMMITTEE functions not otherwise reimbursed by charges they may make to applicant.

SECTION 4.04 ARCHITECTURAL COMMITTEE RULES

The ARCHITECTURAL COMMITTEE may, from time to time, and in its sole and absolute discretion, adopt, amend and repeal by unanimous vote or written consent, rules and regulations, to be known as "ARCHITECTURAL COMMITTEE RULES". Said RULES shall interpret and implement the LAKE FOREST RESTRICTIONS by setting forth the standards and procedures for ARCHITECTURAL COMMITTEE review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use in LAKE FOREST NO. II.

SECTION 4.05 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 the LAKE FOREST 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.

SECTION 4.06 LIABILITY

Neither the ARCHITECTURAL COMMITTEE nor any member thereof shall be liable to the MASTER ASSOCIATION, any OWNER or PARTICIPATING DEVELOPER or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, or (c) the development of any property within LAKE FOREST NO. II. Without in any way limiting the generality of any of the foregoing provisions of this Section, the ARCHITECTURAL COMMITTEE, or any member thereof, may, but is not required to, consult with or hear the views of the MASTER ASSOCIATION or any OWNER with respect to any plans, drawings, specifications, or any other proposal submitted to the ARCHITECTURAL COMMITTEE.

SECTION 4.07 EXCEPTIONS

Notwithstanding any other provision or provisions in the LAKE FOREST RESTRICTIONS, expressed or implied to the contrary, the jurisdiction and the rights vested in the ARCHITECTURAL COMMITTEE shall extend only to such of the areas within LAKE FOREST NO. II as shall be established, pursuant to Section 3.01 of ARTICLE III, as Single-Family Area and Common Area and Recreational Area, and shall not extend to any Multiple Family Area, Commercial Area or Mobile Home Park Area.

ARTICLE V

LAKE FOREST/MASTER HOMEOWNER'S ASSOCIATION

SECTION 5.01 ORGANIZATION

The MASTER ASSOCIATION is a nonprofit California corporation charged with the duties and invested with the powers prescribed by law and set forth in the ARTICLES, BY-LAWS, and LAKE FOREST RESTRICTIONS. Neither the ARTICLES nor BY-LAWS shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with the LAKE FOREST RESTRICTIONS.

SECTION 5.02 MEMBERSHIP

A. QUALIFICATIONS. Each OWNER (including the MASTER DEVELOPER, and including any PARTICIPATING DEVELOPER) of a LOT, established pursuant to Section 3.01 of ARTICLE III as included within a Single-Family Area, within LAKE FOREST NO. II, by virtue of being such an OWNER and for so long as he is such an OWNER, shall be deemed a member of the MASTER ASSOCIATION, and, in the event of its dissolution, of the unincorporated association succeeding thereto pursuant to Paragraph B of Section 5.01 hereof.

B. MEMBER'S RIGHTS AND DUTIES. Upon becoming a member of the MASTER ASSOCIATION, the rights, duties, privileges, immunities, and liabilities of an OWNER of a LOT included in a Single-Family Area within LAKE FOREST NO. II (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER), as a member of the MASTER ASSOCIATION, and of any succeeding unincorporated association, shall be those set forth in, and shall be exercised and imposed in

accordance with, the LAKE FOREST RESTRICTIONS, the ARTICLES, the BY-LAWS, and the LAKE FOREST RULES and the ARCHITECTURAL COMMITTEE RULES.

C. TRANSFER OF MEMBERSHIP. The MASTER ASSOCIATION membership of each OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) of a LOT included in a Single-Family Area within LAKE FOREST NO. II shall be appurtenant to said LOT, and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said LOT, and then only to the transferee of title to said LOT. Any transfer of title to said LOT shall operate automatically to transfer said membership to new OWNER thereof.

SECTION 5.03 VOTING

A. NUMBER OF VOTES. The MASTER ASSOCIATION shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the MASTER DEVELOPER and the PARTICIPATING DEVELOPERS and shall be entitled to one vote for each Lot owned.

Class B. The Class B member shall be the MASTER DEVELOPER. Upon the first sale of a Lot to an Owner in each tract, the MASTER DEVELOPER shall thereupon be entitled to three (3) votes for each Lot owned in that tract by the MASTER DEVELOPER or any PARTICIPATING DEVELOPER. As to each tract, the Class B membership shall cease as to that tract and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier.

- (1) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (2) Two years from the date of the issuance of the most recent Public Report for a phase of the overall development, or
- (3) On October 1, 1975.

B. JOINT OWNER DISPUTES. The vote for each such LOT shall, if at all, 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 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 all other OWNERS of the same LOT.

The votes attributable to any Lot owned by an PARTICIPATING DEVELOPER shall be cast by and according to the discretion of the MASTER DEVELOPER, and each PARTICIPATING DEVELOPER hereby grants to the MASTER DEVELOPER a proxy for such purpose; provided, however, that the MASTER DEVELOPER shall not cast any vote attributable to a Lot owned by a PARTICIPATING DEVELOPER in favor of an increase in the maximum annual assessment on such Lot, nor in favor of any special assessment on such Lot without the written consent and concurrence of the PARTICIPATING DEVELOPER owning such Lot.

C. CUMULATIVE VOTING. In any election of the members of the BOARD, every OWNER (including MASTER DEVELOPER) entitled to vote at such an election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of LOTS owned by said OWNER multiplied by the number of directors to be elected.

The candidates receiving the highest number of votes, up to the number of the BOARD members to be elected, shall be deemed elected.

D. TRANSFER OF VOTING RIGHTS. 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 (including the successors or assigns of MASTER DEVELOPER) shall operate automatically to transfer the appurtenant vote without the requirement of any express reference thereto.

E. MEMBERSHIP AGREEMENT AND PROOF OF OWNERSHIP. Notwithstanding the other provisions of Section 5.02 and/or Section 5.03 of ARTICLE V hereof no OWNER (though he shall be deemed to be a member, as aforesaid) shall have the right to exercise the rights and privileges of a member, and no OWNER shall be entitled to exercise the right to vote granted hereunder unless and until such OWNER shall have executed and delivered a Membership Agreement substantially in the form of "EXHIBIT D" attached hereto and incorporated herein by reference, together with such proof of ownership of the LOT owned by such OWNER as may be prescribed by the BY-LAWS, provided that no such Membership Agreement or proof shall be required from the MASTER DEVELOPER so long as the MASTER DEVELOPER is, in fact, the OWNER of one or more LOTS. Provided, further, that notwithstanding that an OWNER shall have the rights and privileges of a member, as provided herein, he shall not be deemed relieved or excused of any duty, obligation or liability under the LAKE FOREST RESTRICTIONS.

F. ELECTION DISTRICTS. As may be provided in the BY-LAWS, the BOARD may, for the purpose of electing members to the BOARD, create and establish two or more but not more than five election districts within LAKE FOREST NO. II, and one member shall be elected to the BOARD from each such election district, provided, nevertheless, that the other members of the BOARD not elected from any election district, shall be elected at large without regard to any such election district.

SECTION 5.04 DUTIES OF THE MASTER ASSOCIATION

The MASTER ASSOCIATION shall have the obligation, subject to and in accordance with the LAKE FOREST RESTRICTIONS, to perform each of the following duties for the benefit of the OWNERS of each LOT within LAKE FOREST NO. II and for the maintenance and improvement of LAKE FOREST NO. II.

A. COMMON AND RECREATIONAL AREAS. To accept and exercise jurisdiction over all land conveyed to the Master Association by the Master Developer subject only to the liens and encumbrances of the Lake Forest Restrictions and a lien for unpaid but non-delinquent property taxes, provided that any such land within any particular development phase of Lake Forest No. II must be conveyed to the Master Association prior to the first sale to the public of a Lot within that particular phase; and, at its option, to accept and exercise jurisdiction over any other land conveyed to it including (1) all Common and Recreational Areas, (2) all easements for operation and maintenance purposes over any Common or Recreational Areas, and (3) all easements for the benefit of Master Association Members within the Common Recreational Areas. For purposes of this Subsection the term "development phase" shall mean and refer to any subdivided portion of Lake Forest No. II for which there exists a final subdivision public report issued by the California Department of Real Estate. (*Third Amendment, 1975*)

B. TITLE TO PROPERTY UPON DISSOLUTION. To convey, upon dissolution of MASTER ASSOCIATION, the assets of the MASTER ASSOCIATION to an appropriate public agency to be used for purposes similar to those for which the MASTER ASSOCIATION was created. In the event that such conveyance is refused acceptance, such assets shall be granted, conveyed and assigned to any

nonprofit corporation, association, trust or other organization organized and operated for such similar purposes

C. OPERATION OF COMMON AND RECREATIONAL AREAS. To operate and maintain, or provide for the operation and maintenance of (1) all Common and Recreational Areas which may be conveyed to it by MASTER DEVELOPER, (2) all Common and Recreational Areas within LAKE FOREST NO. II in which it owns easements for operation and maintenance purposes, and (3) all Common and Recreational Areas within LAKE FOREST NO. II in which it owns easements for the benefit of the MASTER ASSOCIATION members; and to keep all improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair.

D. PAYMENT OF TAXES. To pay all real property taxes and assessments levied upon any property conveyed, leased or otherwise transferred to the MASTER ASSOCIATION, to the extent not assessed to the OWNERS thereof. Such taxes and assessments may be contested or compromised by the MASTER ASSOCIATION; provided, however, that they are paid or a bond insuring the payment is posed prior to the sale or other disposition of any property to satisfy the payment of such taxes.

E. INSURANCE. To obtain and maintain in force the following policies of insurance.

1. Fire and extended coverage insurance on all Improvements under the control of the MASTER ASSOCIATION, the amount of such insurance to be not less than ninety (90%) percent of the aggregate full insurable value, meaning actual replacement value exclusive of the cost of excavations, foundations and footing.
2. Bodily injury liability insurance, with limits of not less than \$1,000,000 per person and \$2,000,000 per occurrence, and property damage liability insurance with a deductible of not more than \$1,500 and a limit of not less than \$1,000,000 per accident, insuring against liability for bodily injury, death and property damage arising from the activities of the MASTER ASSOCIATION or with respect to property under its jurisdiction.
3. Such faithful performance and fidelity bonds as are required to insure the MASTER ASSOCIATION against any loss from the malfeasance or dishonesty of any employee or other person charged with the management or possession of any MASTER ASSOCIATION fund or other property.
4. Such other insurance, including indemnity and other bonds as the BOARD shall deem necessary or expedient to carry out the MASTER ASSOCIATION functions as set forth in the LAKE FOREST RESTRICTIONS, the ARTICLES and the BY-LAWS.

The liability insurance referred to above shall name as separately protected insureds MASTER DEVELOPER, the MASTER ASSOCIATION, the BOARD, the ARCHITECTURAL COMMITTEE, and their representatives, members and employees, and the MASTER ASSOCIATION members (as a class), with respect to any liability arising out of the maintenance or use of any Common Areas or Recreational Areas, if any, under the jurisdiction of the MASTER ASSOCIATION. Such policy or policies shall protect each of the insureds as if each were separately insured under separate policies; provided, however, that such policy or policies shall not require the insurers to pay any amount in excess of the maximum limits stated therein. Every policy of insurance obtained by the MASTER ASSOCIATION, whether or not required to be obtained pursuant to the provisions of the LAKE FOREST RESTRICTIONS, shall expressly waive any and all rights of subrogation against MASTER DEVELOPER, its representatives and employees, and all MASTER ASSOCIATION members.

F. RULE MAKING. To make, establish, promulgate, amend and repeal the LAKE FOREST RULES as provided in Section 5.06 hereof.

G. ARCHITECTURAL COMMITTEE. To appoint and remove members of the ARCHITECTURAL COMMITTEE as provided in Section 4.01 hereof, and to insure that at all reasonable time there is available a duly constituted and appointed ARCHITECTURAL COMMITTEE.

H. ENFORCEMENT OF RESTRICTIONS AND RULES. To perform such other acts, whether or not expressly authorized by the LAKE FOREST RESTRICTIONS, as may be reasonably necessary to enforce any of the provisions of the LAKE FOREST RESTRICTIONS, the LAKE FOREST RULES, and the ARCHITECTURAL COMMITTEE RULES, including, without limitation, the acts described in Paragraph B of Section 5.05 hereof.

I. OTHER. To carry out the duties of the MASTER ASSOCIATION set forth in the LAKE FOREST RESTRICTIONS, the ARTICLES and the BY-LAWS.

J. CONTRACTS. Neither the MASTER DEVELOPER nor any agent of the MASTER DEVELOPER shall enter into any contract which would bind the MASTER ASSOCIATION or the Board thereof for a period in excess of one (1) year, unless reasonable cancellation provisions are included in such contract.

SECTION 5.05 POWERS AND AUTHORITY OF THE ASSOCIATION

The MASTER ASSOCIATION shall have all the powers of a non-profit corporation organized under the General Non-Profit Corporation Law of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the ARTICLES, the BY-LAWS or the LAKE FOREST RESTRICTIONS. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the MASTER ASSOCIATION under and by virtue of the LAKE FOREST RESTRICTIONS, the ARTICLES and the BY-LAWS, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the MASTER ASSOCIATION. Without in any way limiting the generality of any of the foregoing provisions, the MASTER ASSOCIATION shall have the power and authority at any time:

A. ASSESSMENTS. To levy assessments on the OWNERS of LOTS included in Single-Family Areas within LAKE FOREST NO. II, and to enforce payment of such assessments, in accordance with the provisions of ARTICLE VI hereof.

B. RIGHT OF ENTRY AND ENFORCEMENT. To enter upon any LOT in Single-Family Areas, or any property within Common or Recreational Areas, without liability to any OWNER or any PARTICIPATING DEVELOPER, for the purpose of enforcing by peaceful means any of the provisions of the LAKE FOREST RESTRICTIONS, or for the purpose of maintaining or repairing any such Area if for any reason whatsoever the OWNER or any PARTICIPATING DEVELOPER thereof fails to maintain or repair any such Area as required by said RESTRICTIONS. The MASTER 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 or any PARTICIPATING DEVELOPER who consents thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the LAKE FOREST RESTRICTIONS and to enforce, by mandatory injunction or otherwise, all of the provisions of said RESTRICTIONS. Such entrance shall only be after 24 hours prior written notice.

C. EASEMENTS AND RIGHTS-OF-WAY. To grant and convey to any third party easements, right-of-way, parcels or strips of land, in, on, over or under any Common or Recreational Area owned in fee simple title by the MASTER ASSOCIATION for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder, (1) roads, streets, walks, driveways, parkways, and park areas, (2) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, telephone and other purposes, (3) public sewers,

storm water drains and pipes, water system, sprinkling systems, water, heating and gas lines or pipes and (4) any similar public or quasi-public improvements or facilities.

D. EMPLOYMENT OF AGENTS. To employ the services of any person or corporation as MANAGER, and other employees, to, as may be directed by the BOARD, manage and conduct the business of the MASTER ASSOCIATION.

E. DELEGATION TO SUB-ASSOCIATION. To delegate to any SUB-ASSOCIATION the right, authority and power to collect (but not levy) any assessment, as provided in this MASTER DECLARATION, upon any LOT in any subdivision which lies within any geographical area, subject to the jurisdiction of or to which such SUB-ASSOCIATION relates.

F. EASEMENTS FOR ENCROACHMENTS. To grant and convey to any third party easements for encroachments of any structure onto or over any part of the Common Area for Restricted Common Area including, without limitation, the encroachment of overhanging eaves of any structure; provided, however, that no such easement shall be granted which would unreasonably interfere with the use and enjoyment of the Common Area or Restricted Common Area by any Owner.

(Third Amendment, 1975)

G. ENCUMBRANCES, TRUST DEEDS, MORGAGES ON ASSOCIATION PROPERTY. Anything to the contrary notwithstanding in this Master Declaration, the Association, through its Board of Directors, shall have the right and power to borrow money to acquire Lot 502 of Tract 7197, as per map recorded in Miscellaneous Maps, Book 291, Pages 4 to 15 inclusive, of Official Records of the Orange County Recorder, and to construct, place, replace and/or repair, improvements on Lots 502 and 503 of said Tract 7197, including fixtures and personal property related thereto, and to provide reasonable amounts and reserves for the maintenance of such improvements, and to grant any lender an encumbrance, trust deed or mortgage on Lots 502 and on 503 of said Tract 7197, and any improvements thereon, to secure the performance of the obligations under any Promissory Note given by the Association in acquiring and improving either or both of said properties; provided, however, that prior to the Association, through its Board borrowing such money and granting such encumbrance, trust deed or mortgage, such acquisition and borrowing shall have been approved by written consent by at least 51% of the base number of members, not including the vote or written consent of the Master Developer and/or Participating Developers, and provided further, that the Special Assessment necessary to amortize the cost of such acquisition and improvements (including reserves) shall have been approved by such base number of members in accordance with the provisions of Article VI, Section 6.02C., as amended. For purposes of this Subsection G., the term "base number of members" shall mean that number which is arrived at by deducting the number of lots owned by the Master Developer and/or Participating Developers from the total number of lots in Lake Forest II existing as of a record date set by the Board reasonably close to the dates of the consents. *(Fourth Amendment, 1978)*

SECTION 5.06 THE LAKE FOREST RULES

A. RULEMAKING POWER. The BOARD may, from time to time and subject to the provisions of the LAKE FOREST RESTRICTIONS, adopt, amend and repeal rules and regulations to be known as the "LAKE FOREST RULES", governing, among other things, use of any Common Areas or Recreational Areas under the jurisdiction of the MASTER ASSOCIATION. Said RULES may restrict and govern the use of Common Areas or Recreational Areas by any OWNER, by the family of such OWNER, or by any invitee, licensee, or lessee of such OWNER: provided, however, that with respect to use of such Areas the RULES may not discriminate among OWNERS. Said RULES may also include parking restriction and limitations, limitations upon vehicular travel, restrictions on the type or types of vehicles which may be permitted to use such Common or Recreational Areas, and restrictions on the 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.

B. RECORDATION OF RULES. A copy of the said RULES, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each OWNER and may be, but need not be RECORDED. Upon such mailing, other delivery or RECORDATION, said RULES shall have the same force and effect as if they were set forth in and were a part of the LAKE FOREST RESTRICTIONS.

SECTION 5.07 LIMITATION ON AUTHORITY OF BOARD AND ASSOCIATION

Notwithstanding any other provision of this MASTER DECLARATION, neither the BOARD nor the MASTER ASSOCIATION shall have the jurisdiction or right whatever with respect to any Multiple Family Area, Commercial Area or Mobile Home Park Area. *(Third Amendment, 1975)*

SECTION 5.08 LIABILITY OF BOARD MEMBERS AND MANAGER

No member of the BOARD, or the MANAGER, shall be personally liable to any OWNER, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the MASTER ASSOCIATION, the BOARD, the MANAGER or any other representatives or employees of the MASTER ASSOCIATION, or the ARCHITECTURAL COMMITTEE, provided that such BOARD member, or the MANAGER, has, upon the basis of such information as may be possessed by him, acted in good faith.

ARTICLE VI

FUNDS AND ASSESSMENTS

SECTION 6.01 OPERATING FUND

The BOARD shall establish an Operating Fund for the MASTER ASSOCIATION into which shall be deposited all monies paid to the MASTER ASSOCIATION, and from which disbursements shall be made in performing the functions of the MASTER ASSOCIATION under the LAKE FOREST RESTRICTIONS. Funds of the MASTER ASSOCIATION must be used solely for purposes related to those areas and improvement owned by the MASTER ASSOCIATION or subject by this DECLARATION to maintenance and assessment.

SECTION 6.02 OPERATING AND MAINTENANCE ASSESSMENTS

A. REGULAR ASSESSMENTS. At least thirty (30) days prior to the commencement of each Fiscal Year, the BOARD shall prepare and adopt a budget for the MASTER ASSOCIATION reflecting the gross estimate of the expenses to be incurred by the MASTER ASSOCIATION during such Fiscal Year in performing its functions under the LAKE FOREST RESTRICTIONS (including a reasonable provision for contingencies and replacements). There shall be subtracted from such gross estimate of expenses an amount equal to the anticipated balance (exclusive of any reserves which the BOARD may establish) in the Operating Fund at the start of such Fiscal Year which is attributable to regular and special assessments for the preceding Fiscal Year. The net estimate of expenses so determined shall be assessed to all OWNERS of LOTS included in Single-Family Areas then within LAKE FOREST NO. II (including the MASTER DEVELOPER and each PARTICIPATING DEVELOPER insofar as they then have or retain ownership of any such LOTS) by dividing the net estimate of expenses by the total number of such LOTS then within LAKE FOREST NO. II (including those, if any, which may then be

owned by MASTER DEVELOPER and each PARTICIPATING DEVELOPER) and assessing the resulting amount to the OWNER of each of such LOTS (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER insofar as it or they then have or retain ownership of any such LOTS providing that the assessment as to any LOTS owned by a PARTICIPATING DEVELOPER shall not become effective until recordation of a notice of completion of a residence in that tract in which such lots are located, and shall then be effective only as to the lots in said tract, and a PARTICIPATING DEVELOPER shall not be liable for payment of any monthly installments of the assessment falling due prior such recordation).

B. MAXIMUM ANNUAL ASSESSMENT. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be ninety-three dollars (\$93.00) per Lot.

(1) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five per cent (5%) above the maximum assessment for the previous year without a vote of the membership.

(2) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above five percent (5%) by the vote or written assent of fifty-one percent (51%) of each class of members.

(3) The Board may fix the annual assessment at an amount in excess of the maximum.

C. SPECIAL ASSESSMENTS FOR PROPERTY AND CAPITAL ACQUISITIONS AND IMPROVEMENTS. In addition to the annual assessments authorized above, the Master Association may levy:

(1) A special assessment for a period of not to exceed thirty (30) years, for the purpose of defraying the cost of acquiring additional property for use as recreational and/or common area for the members and for the construction, placement, replacement, and repair of capital improvements thereon and on other Association recreational and common area, including fixtures and personal property related thereto and to provide reasonable amounts and reserves for the maintenance of such improvements, provided, however, that such assessments shall have first been approved by written consent of at least 51% of the base number of members, not including the vote on written consent of the Master Developer and/or Participating Developers.

(2) In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of fifty-one percent (51%) of the base number of members, not including the vote or written consent of the Master Developer and/or Participating Developers.

(3) For purposes of this Subsection C., the term "base number of members" shall mean that number which is arrived at by deducting the number of lots owned by the Master Developer and/or Participating Developers from the total number of lots in Lake Forest II existing as of a record date set by the Board reasonably close to the dates of the consents.

(Fourth Amendment, 1978)

D. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER PARAGRAPHS

B AND C. Any action authorized under Paragraph B or C shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than 30 days or less than 60 days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite 51% of each class of members, members who were not present in person or by proxy, may give their assent in writing, provided the same is obtained by the appropriate officers of the MASTER ASSOCIATION not later than 30 days from the date of such meeting.

Notwithstanding any of the foregoing, a meeting and vote of the Members in accordance with this Subsection D shall only be required in the event (i) that the Board intends to increase the Maximum Annual Assessment by more than five percent (5%) above the preceding year's Maximum Annual Assessment under Subsection B above, or (ii) the Master Association intends to levy a Special Assessment under Subsection C above. Any other actions authorized by Subsections B or C shall not require a meeting or vote of the Members under this Subsection. *(Third Amendment, 1975)*

E. PAYMENT OF ASSESSMENTS. All assessments shall be due and payable to the MASTER ASSOCIATION by the assessed OWNERS (including MASTER DEVELOPER) 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 may designate in its sole and absolute discretion.

F. OBLIGATIONS OF MASTER DEVELOPER, PARTICIPATING DEVELOPERS AND

OWNERS. No OWNER of any LOT within LAKE FOREST NO. II (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) may avoid any of the duties or liabilities imposed on him by the LAKE FOREST RESTRICTIONS through nonuse of any Common Areas or Recreational Areas within LAKE FOREST NO. II or by abandonment of such a LOT. Upon the RECORDATION of the transfer of title to such LOT to a new OWNER, the transferring OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) shall not be liable for any installments of assessments levied with respect to such LOT falling due after the date of RECORDATION of such a transfer, and he shall not thereafter enjoy any of the rights, privileges or immunities of the OWNER of such LOT under the LAKE FOREST RESTRICTIONS; provided, however, the RECORDATION of such a transfer shall not relieve the transferring OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) of the obligation to pay any and all installments of assessments levied with respect to such LOT falling due prior to the date of such RECORDATION. If, and to the extent MASTER DEVELOPER or any PARTICIPATING DEVELOPER then owns any LOTS within LAKE FOREST NO. II, MASTER DEVELOPER and/or any PARTICIPATING DEVELOPER, as the case may be, hereby agrees to pay the MASTER ASSOCIATION any and all assessments which may be levied by the BOARD against MASTER DEVELOPER and any PARTICIPATING DEVELOPER pursuant to Section 6.02 or 6.03 hereof, with respect to each and every LOT within LAKE FOREST. NO. II then owned by MASTER DEVELOPER and/or any PARTICIPATING DEVELOPER. No OWNER shall be personally liable for any assessment levied prior to date of RECORDATION of the transfer of title to such OWNER. The transfer of title to any LOT shall not affect the liability of such LOT to lien under Section 6.04B below.

SECTION 6.03 REIMBURSEMENT ASSESSMENT

The BOARD shall levy a reimbursement assessment against any OWNER of a LOT within LAKE FOREST NO. II (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) as a result of whose failure to comply with the LAKE FOREST RESTRICTIONS, the LAKE FOREST RULES or the ARCHITECTURAL COMMITTEE RULES, monies were expended from the Operating Fund by the MASTER ASSOCIATION in performing its functions under the LAKE FOREST RESTRICTIONS. Such

an assessment shall be for the purpose of reimbursing the MASTER ASSOCIATION, shall be limited to the amount so expended, and shall be due and payable to the MASTER ASSOCIATION when levied. Assessments levied under this Section shall not be subject to the provisions of Paragraph C or D of Section 6.02 hereof.

SECTION 6.04 ENFORCEMENT OF ASSESSMENTS

Each assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the OWNER or OWNERS against whom the same is assessed (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER). In the event of a delinquency in payment of any such assessment, and in addition to any other remedies herein or by law provided, the BOARD may enforce each such obligation, on behalf of the MASTER ASSOCIATION, by either or both of the following procedures:

A. ENFORCEMENT BY SUIT. The BOARD may cause an action at law to be commenced and maintained in the name of the MASTER ASSOCIATION in any court of competent jurisdiction, including, but not limited to, any action in a small claims court, to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of seven (7%) percent per annum from the date of delinquency, court costs, and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER).

B. ENFORCEMENT BY LIEN. There is hereby created the right to a claim of lien, with power of sale, on each and every LOT within LAKE FOREST NO. II to secure payment to the MASTER ASSOCIATION of any and all assessments levied against any and all OWNERS of such LOTS (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) under the LAKE FOREST RESTRICTIONS, together with interest thereon at the rate of ten (10%) percent per annum from the date of delinquency, and all costs of collection which may be paid or incurred by the MASTER ASSOCIATION in connection therewith, including reasonable attorneys' fees. At any time more than ninety (90) days after the occurrence of any default in the payment of any such assessment, the BOARD may make a written demand for payment to the defaulting OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) on behalf of the MASTER ASSOCIATION. Said demand shall state the date, nature of and amount of the delinquency. Each default shall constitute a separate basis for a claim of lien or a lien, but any number of defaults may be included within a single claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the BOARD may elect to file such a claim of lien on behalf of the MASTER ASSOCIATION against the LOT of the default OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER). Such a claim of lien shall be executed and acknowledged by any officer of the MASTER ASSOCIATION, or the MANAGER and shall contain substantially the following information:

1. The name of the defaulting owner.
2. The legal description and street address of the LOT against which claim of lien is made.
3. The nature of the delinquency.
4. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and reasonable attorneys' fees (with any proper offset allowed).
5. That the claim of lien is made by the MASTER ASSOCIATION pursuant to the LAKE FOREST RESTRICTIONS.

6. That a lien is claimed against said LOT in an amount equal to the amount of the stated delinquency, interest thereon, collection costs and reasonable attorneys' fees.

Upon RECORDATION of a duly executed original or copy of such a claim of lien, the lien claimed therein shall immediately attach and become effective in favor of the MASTER ASSOCIATION, subject only to the limitations hereinafter set forth. Such a lien shall have a priority over all liens, created subsequent to the RECORDATION of the claim of lien thereof, except only liens for real property taxes on any Lot, assessments on any LOT in favor of any municipal or other governmental assessing unit, and the lien of those Trust Deeds which are specifically described in Paragraph A of Section 6.05 hereof. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a trust deed with power of sale, as set forth in Division III, Part 4, Title XIV, Chapter 2 of the Civil Code of the State of California, as the same may be amended from time to time. In the event such foreclosure is by action in court, court costs, expenses of sale, and reasonable attorneys' fees shall be allowed to the extent permitted by law, in addition to all other amounts secured by said lien. In the event the foreclosure is in the manner provided by law, for foreclosure of a trust deed, under power of sale, the MASTER ASSOCIATION shall be entitled to bid thereon the LOT at the foreclosure sale and to hold, lease, mortgage and convey the same; otherwise, the MASTER ASSOCIATION shall be entitled to receive, out of the proceeds of the sale, all amounts secured by said lien, together with all expenses of collection and sale, and reasonable attorney's fees.

(Third Amendment, 1975)

C. ASSESSMENT CERTIFICATE. A certificate executed under penalty of perjury by any two members of the BOARD and acknowledged shall be conclusive upon the MASTER ASSOCIATION and the OWNERS in favor of any and all persons who rely thereon in good faith as to the matters therein contained, and any OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) shall be entitled to such a certificate setting forth the amount of any due and unpaid assessments with respect to his LOT (or the fact that all assessments due are paid if such is the case) within ten (10) days after demand therefor and upon payment of a reasonable fee, not to exceed Ten (\$10.00) Dollars, which may be fixed by the BOARD.

SECTION 6.05 SUBORDINATION TO CERTAIN TRUST DEEDS

A. SUBORDINATION. None of the rights or rights to claim a lien or liens created hereunder upon any LOT, and no breach of any of the provisions of the LAKE FOREST RESTRICTIONS, nor the enforcement of any of the provisions of Section 6.04 hereof, shall defeat or render invalid the lien of any holder of any indebtedness, or the renewal, extension or refinancing thereof, made in good faith and for value, and secured by any RECORDED Trust Deed upon such LOT, and the liens created hereby upon any LOT shall be subject and subordinate thereto; provided that immediately after any power of sale or court foreclosure of any such Trust Deed by sale of such LOT, the LAKE FOREST RESTRICTIONS shall be binding upon and effective against any OWNER (including MASTER DEVELOPER and any PARTICIPATING DEVELOPER) whose title is derived through such a trustee's sale or court foreclosure and a new claim of lien, with power of sale shall automatically be created on such LOT under Paragraph B of Section 6.04 hereof, without further action on the part of the MASTER ASSOCIATION, to secure payment of any and all assessments levied hereunder, after the date of such trustee's sale or court foreclosure.

B. AMENDMENT. No amendment to Paragraph A of Section 6.05 hereof shall affect, in any way, the rights of the holder of any such Trust Deed RECORDED prior to RECORDATION of such amendment who does not join in the execution hereof.

ARTICLE VII
MISCELLANEOUS PROVISIONS

SECTION 7.01 AMENDMENT AND DURATION

A. AMENDMENT OR REPEAL. Except as otherwise expressly provided in this MASTER DECLARATION, the LAKE FOREST RESTRICTIONS may be amended or repealed at any time by complying with all of the following requirements:

1. The recordation of a written instrument setting forth in full said amendment or repeal and executed by the Owners (including Master Developer) of seventy-five percent (75%) of the Lots then within Lake Forest No. II, except that the provisions of Sections 5.01, 5.02, 5.03 or 5.07 shall not be amended without the vote or written consent of the Owners (including Master Developer) of not less than eighty percent (80%) of the Lots then within Lake Forest No. II. For purposes of this subsection only the Master Developer shall be deemed the Owner of 3,500 such Lots less the total number of Lots on any recorded subdivision maps for Lake Forest No. II. *(Third Amendment, 1975)*
2. For a period of five (5) years from the date of RECORDATION of this MASTER DECLARATION, the written consent of MASTER DEVELOPER which may be evidenced by MASTER DEVELOPER'S joining in the execution of the instrument required by the foregoing Subparagraph 1.

MASTER DEVELOPER hereby reserves the right to amend this DECLARATION in any way which the MASTER DEVELOPER, in its sole discretion, may deem to be necessary to conform to any requirements or regulations of the VA, FHA, California Real Estate Commissioner, Planning Director or County Counsel of the County of Orange, to obtain the approval of such agency of such DECLARATION.

B. APPROVAL OF LOCAL, STATE AND FEDERAL AGENCIES. To the extent required by any law or laws from time to time in effect the LAKE FOREST RESTRICTIONS shall not be amended or repealed in any event without the approval of the applicable local, state or federal agency, as the case may be. No amendment shall be effective so long as any property subject to this declaration lies outside the boundaries of an incorporated city, unless such amendment be approved in writing by the Planning Director and the County Counsel of the County of Orange, or their delegates, whose action shall be governed by whether the declaration, after such amendment, will continue to contain adequate provision for preservation and maintenance of vehicular and pedestrian access rights for individual property owners; all improvements and physical facilities such as landscaping, walls, fencing, buildings, hydrants, utility facilities, parking areas, flood lights, drainage facilities, recreational facilities with common area; and private streets and driveways and whether the amendment is in conformance with the conditions of approval of the applicable tentative tract map. If at such time such property lies within the boundaries of one or more incorporated cities, no amendment shall be effective unless such amendment be approved in writing by the corresponding city agency, whose action shall be governed by the standards set forth above.

C. DURATION OF RESTRICTIONS. Subject to the provisions of Paragraph A of Section 7.01 hereof, the LAKE FOREST RESTRICTIONS shall continue and remain in full force and effect until December 31, 2010. However, unless within one year prior to December 31, 2010, a written instrument directing the termination of the LAKE FOREST RESTRICTIONS is signed by the OWNERS (including MASTER DEVELOPER) of not less than two-thirds of the LOTS then within LAKE FOREST NO. II and RECORDED, the LAKE FOREST RESTRICTIONS, as in effect immediately prior to the expiration date,

shall, subject to the provisions of the foregoing Paragraph A, continue in full force and effect automatically for an additional period of ten (10) years and thereafter for successive periods of ten (10) years unless, within one (1) year prior to the expiration of any such ten-year period, the LAKE FOREST RESTRICTIONS are terminated in the same manner by the then OWNER (including MASTER DEVELOPER) of such number of LOTS.

SECTION 7.02 ENFORCEMENT AND NON-WAIVER

A. RIGHT OF ENFORCEMENT. Except as otherwise provided herein, any OWNER of any LOT or LOTS within LAKE FOREST NO. II shall have the right to enforce any or all of the provisions of the LAKE FOREST RESTRICTIONS upon any property within LAKE FOREST NO. II and the OWNERS thereof.

B. VIOLATIONS AND NUISANCE. Every act or omission whereby any provision of the LAKE FOREST RESTRICTIONS 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 MASTER DEVELOPER or the MASTER ASSOCIATION (irrespective of whether MASTER DEVELOPER or the MASTER ASSOCIATION then owns any LOT or LOTS within LAKE FOREST NO. II) or any OWNER or OWNERS of LOTS within LAKE FOREST NO. II. However, any other provision to the contrary notwithstanding, only MASTER DEVELOPER, the MASTER ASSOCIATION, the BOARD, or the duly authorized agents of any of them, may enforce by self-help any of the provisions of the LAKE FOREST RESTRICTIONS, provided self-help is preceded by reasonable notice to the OWNER.

C. VIOLATION OF LAW. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within LAKE FOREST NO. II is hereby declared to be a violation of the LAKE FOREST RESTRICTIONS and subject to any or all of the enforcement procedures set forth in said RESTRICTIONS.

D. REMEDIES CUMULATIVE. Each remedy provided by the LAKE FOREST RESTRICTIONS is cumulative and not exclusive.

E. NON-WAIVER. The failure to enforce any of the provisions of the LAKE FOREST RESTRICTIONS at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions of said RESTRICTIONS.

SECTION 7.03 DELIVERY OF NOTICES AND DOCUMENTS

Any written notice or other document relating to or required by the LAKE FOREST RESTRICTIONS may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the MASTER ASSOCIATION, at 4201 Birch Street, Newport Beach, California 92660; if to the ARCHITECTURAL COMMITTEE, at 4201 Birch Street, Newport Beach, California 92660; if to an OWNER, to the address of any LOT within LAKE FOREST NO. II owned, in whole or in part, by him; and if to MASTER DEVELOPER, at 4201 Birch Street, Newport Beach, California 92660; provided, however, that any such address may be changed at any time by the party concerned by RECORDING a written notice of change of address and delivery of a copy thereof to the MASTER ASSOCIATION.

SECTION 7.04 CONSTRUCTION AND SEVERABILITY; SINGULAR AND PLURAL; TITLES



ORANGE COUNTY CLERK-RECORDER RECORDING OPERATIONS POLICY & PROCEDURE

*Effective Date: 3/23/2021
Revision Date 1/1/2022*

Title: Restrictive Covenant Modification

Background: Section 12956.2 (a) (1) was amended to authorize a person who holds or is acquiring an ownership interest of record in property that the person believes is the subject of an unlawfully restrictive covenant in violation of subdivision (I) of Section 12955, may record a document titled Restrictive Covenant Modification. The modification document shall include a complete copy of the original document containing the unlawfully restrictive language with the unlawfully restrictive covenant language redacted.

Purpose: Provide a process and procedure to assist property owners in the removal of unlawfully restrictive covenants from these recorded documents, pursuant to Government Code 12956.2.

Policy: The Clerk-Recorder will assist property owners with the expeditious removal of the unlawfully restrictive covenants, upon County Counsel determination that such language contains an unlawful restriction based upon age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry.

The Restrictive Covenant Modification and Restrictive Covenant Modification Procedure shall be provided to the public, upon request and at no charge.

Procedure:

1. The removal process requires the property owner to submit a completed, signed and acknowledged Restrictive Covenant Modification form to our office, along with a copy of the original document with the unlawful restrictive covenant highlighted, and a copy of the original document with the unlawful restrictive covenant redacted.
2. Before recording the Restrictive Covenant Modification, the Examiner must submit the documents referenced in section 1 to his/her Supervisor for review, who will then submit the documents to County Counsel for its determination as to whether the document contains an unlawful restrictive covenant.

3. County Counsel will inform the submitting Supervisor of its determination, within a reasonable period of time not to exceed three months from the date the request for recordation is made, unless extraordinary circumstance apply.
4. The County Recorder shall refuse to record the modification document if County Counsel finds that the original document does not contain an unlawful restrictive covenant. If County Counsel agrees that the original document does contain an unlawful restriction, he/she will sign the Restrictive Covenant Modification (electronic signature by County Counsel is acceptable), and the document will be recorded, along with the copy of the original document with the unlawful restrictive covenant redacted.
5. Recording charges will be waived, pursuant to Section 27361, and is SB2 exempt.
6. The modification document shall be indexed as a Restrictive Covenant Modification and in the same manner as the original document being modified. It shall contain a recording reference to the original document in the form of a book and page or instrument number, and date of the recording. The effective date of the document would be the same as the original document. The index shall be made available to the public and will include "Restrictive Covenant Modification" in the title in the online index.

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:
NAME

MAILING ADDRESS

CITY, STATE and ZIP CODE

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

RESTRICTIVE COVENANT MODIFICATION
(Racial or Otherwise Unlawfully Restrictive Covenant Modification)

The following referenced document contains a restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in Section 12955 of the Government Code, or ancestry, that violates state and federal fair housing law and is void.

Pursuant to Section 12956.2 of the Government Code, this document is being recorded solely for the purpose of redacting and eliminating that restrictive covenant as shown on page(s) _____ of the document recorded on _____ (date) in book _____ and page _____, or as instrument number _____ of the official records of the County of Orange, State of California. Attached hereto is a true, correct and complete copy of the document referenced above, with the unlawfully restrictive covenant redacted.

This modification document shall be indexed in the same manner as the original document being modified, pursuant to subdivision (d) of Section 12956 of the Government Code.

The effective date of the terms and conditions of this modification document shall be the same as the effective date of the original document.

Signature of Submitting Party: _____ Date: _____
Printed Name: _____

County Counsel, pursuant to paragraph (1) of subdivision (b) of Section 12956.2 of the Government Code, hereby states that it has determined that the original document referenced above contains an unlawful restriction and this modification may be recorded.

Or County Counsel, pursuant to paragraph (1) of subdivision (b) of Section 12956.2 of the Government Code, finds that the original document does not contain an unlawful restriction, or the modification document contains modifications not authorized, and this modification may not be recorded.

Approved: County of Orange County Counsel

Signed: _____ Date: _____
By: _____,
Deputy County Counsel