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RINDEL & ANDERSON (DGT)
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Newport Beach, CA 92660

VERA E. LYLE
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This instrument is considered to be a true and exact copy of the original instrument recorded on 8-12-69 in the office of the County Clerk, San Diego County, California. *[Signature]*
Authorized Signature

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE WOODS AT SCRIPPS RANCH

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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
UNIT NO. 1 - MAP NO. 9466

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 17th day of July, 1980, by SCRIPPS RANCH ASSOCIATES, a joint venture composed of Warmington Entities, a general partnership and Hermes Financial Corporation, a California corporation ("Declarant").

R E C I T A L S:

A. Declarant is the owner of certain real property in the City of San Diego, County of San Diego, State of California, described as lots 1 to 55, and lot 58 of The Woods at Scripps Ranch, Unit No. 1, Map No. 9466, File No. 79-492860, Official Records of San Diego County (the "Properties").

B. Declarant has deemed it desirable to impose a general plan for the improvement and development of the Properties and the adoption and establishment of covenants, conditions and restrictions upon the real property and each and every lot and portion thereof and upon the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Properties.

C. Declarant has deemed it desirable for the efficient preservation of the value, desirability and attractiveness of the Properties, pursuant to the provisions of this Declaration, to create a corporation to which should be delegated and assigned the powers of maintaining certain Slope Areas and Common Area within the Properties as hereinafter provided, and administering

and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to.

D. WHISPERING RIDGE HOMEOWNERS ASSOCIATION, a non-profit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.

E. Declarant hereby declares that all of the Properties shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following easements, restrictions, covenants, conditions and equitable servitudes, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Properties, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Properties or any portion thereof. The covenants, conditions, restrictions, reservations, easements and equitable servitudes set forth herein shall run with the Properties and shall be binding upon all persons having any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns; shall inure to the benefit of every portion of the Properties and any interest therein; and shall inure to the benefit of and be binding upon Declarant, each Owner and their respective heirs, executors and administrators; may be enforced by Declarant, by any Owner or by the Association (as hereinafter defined).

DEFINITIONS

Section 1. Architectural Committee. The term "Architectural Committee" shall mean the Committee created pursuant to the article of this Declaration entitled "Architectural Control".

Section 2. Association. The term "Association" as used herein shall mean and refer to WHISPERING RIDGE HOMEOWNERS ASSOCIATION, a nonprofit corporation, its successors and assigns.

Section 3. Board of Directors. The term "Board of Directors" or "Board" as used herein shall mean and refer to the duly elected Board of Directors of the Association.

Section 4. Common Area. The term "Common Area" as used herein shall mean all the real property and improvements, which are owned or to be maintained by the Association for the common use and enjoyment of all of the Owners or for the benefit of the development. The Common Area to be so owned by the Association at the time of the conveyance of the first lot within the Properties shall include that certain real property located in the City of San Diego, County of San Diego, State of California, described more particularly as follows: lots 55 and 58 of The Woods at Scripps Ranch Unit No. 1, Map No. 9466, File No. 79-492860, Official Records of San Diego County; together with such additional Common Area and improvements thereon as may be annexed to the Association pursuant to the Article of this Declaration entitled "Annexation".

Section 5. Declarant. The term the "Declarant" as used herein shall mean and refer to SCRIPPS RANCH ASSOCIATES, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

of the American Arbitration Association and Sections 1280 et seq. of the California Code of Civil Procedure, before an arbitrator selected from the panels of the arbitrators of said Association. If the parties are unable to agree on a single arbitrator, each will select one arbitrator who together will select a third. Fees payable to commence such proceedings shall be advanced by Scripps but the fees and costs of the proceedings shall be borne by the parties as determined by the arbitrator(s).

5. Assignments. Except as expressly provided, neither the rights nor duties of a party hereto may be assigned or delegated without the written consent of the other.

6. Amendment. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

7. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to subsidation of the Association and supersedes all prior negotiations, agreements and understandings with respect thereto.

8. Successors. This Agreement shall be binding upon the parties hereto and their successors and assigns.

9. Governing Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Scripps and the Association have executed this Agreement on the day and year first above written.

SCRIPPS RANCH ASSOCIATES,
a joint venture

By: WARMINGTON ENTITIES,
a general partnership

By: WARMINGTON CONSTRUCTION, INC.
a California corporation, a
partner

By: _____

Its: _____

Section 6. Declaration. The term "covenants" and/or "Declaration" as used herein shall mean and refer collectively to the covenants, conditions, restrictions, reservations, easements, liens and charges imposed by or expressed in this Declaration.

Section 7. Improvement. The term "Improvement" as used herein shall mean any structure or appurtenance thereto of every type and kind, including but not limited to custom houses, swimming pools, spas, jacuzzis, fences, room additions, patio covers, storage sheds, landscaping of slopes, and alteration of slopes and slope areas located on lots.

Section 8. Institutional Holder. The term "Institutional Holder" as used herein shall mean and refer to any holder (beneficiary) of a first deed of trust which encumbers a lot, which holder is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 9. Slope Areas. The term "Slope Areas" shall mean certain plantings, planted trees, shrubs, slopes and other landscaping improvements which are located on the residential lots as hereinafter provided. The Association shall have a nonexclusive easement for maintenance purposes over the Slope Areas; provided, however, that the Association, acting through the Board, may reasonably restrict access to those portions of the Slope Areas upon which Association maintained slopes are located. The Slope Areas located within the Properties are further depicted on the drawings which are marked Exhibit "A", attached hereto and incorporated herein by this reference.

Section 10. Lot. The term "lot" as used herein shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties (with the exception of

the public streets or alleys and the Common Area and any lot dedicated to or being maintained by any public agency).

Section 11. Member. The term "Member" shall mean and refer to those persons entitled to membership in the Association as provided in this Declaration and in the Association Articles of Incorporation and By-Laws.

Section 12. Mortgage. The term "Mortgage" as used herein shall mean and refer to any duly recorded and valid mortgage or deed of trust encumbering a lot.

Section 13. Owner. The term "Owner" as used herein shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 14. Properties. The term "Properties" as used herein shall mean and refer to that certain real property in the City of San Diego, County of San Diego, State of California, described as lots 1 to 55, and lot 58 of The Woods at Scripps Ranch Unit No. 1, Map No. 9466, File No. 79-492860 of Official Records of San Diego County.

Section 15. Reimbursement Assessment. The term "Reimbursement Assessment" as used herein shall mean a charge against each Owner and his Lot for the purpose of reimbursing the Association for any costs incurred by the Association on behalf of an individual Owner. A reimbursement assessment may also be levied by the Association for purposes of collecting any monetary penalties which may be imposed by the Association against an Owner who fails to comply with provisions of this Declaration, the determinations of the Board or the Architectural Committee, or any rule or regulation adopted by the Association.

II

NATURE AND PURPOSE OF COVENANTS

The covenants, conditions and restrictions set forth in this Declaration constitute a general scheme for the development, protection and maintenance of the Properties to enhance the value, desirability and attractiveness of the lots for the benefit of all Owners of lots therein. These covenants, conditions and restrictions are imposed upon Declarant and upon the Owners of all lots. Said covenants, conditions and restrictions are for the benefit of all lots, and shall bind the Owners of all such lots. Such covenants, conditions and restrictions shall be a burden upon and a benefit to not only the original Owner of each lot, but also his successors and assigns. All such covenants, conditions and restrictions are intended as and are hereby declared to be covenants running with the land or equitable servitudes upon the land, as the case may be.

III

USE RESTRICTIONS

All real property within the Properties shall be held, used and enjoyed subject to the following limitations and restrictions.

Section 1. Single Family Residence. Each lot shall be used as residence for a single family and for no other purpose.

Section 2. Business or Commercial Activity. No part of the Properties shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other such non-residential purposes; except Declarant, its successors or assigns, may use any portion of the Properties for a model home site, and display and sales office during the construction and sales period. The provisions of this Section shall not preclude professional and administrative occupations without external evidence thereof, for so long as such occupations are in conformance with all applicable governmental ordinances and are merely incidental to the use of the dwelling unit as a residential home.

Section 3. Nuisances. No noxious or offensive activity (including but not limited to the repair of motor vehicles) shall be carried on, in or upon any lot or the Common Area, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any other Owner. Without limiting the generality of the foregoing provisions, no loud noises or noxious odors, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smokey vehicles, large power equipment or large power tools, unlicensed

off-road motor vehicles or items which may unreasonably interfere with television or radio reception of any Owner in the Properties, shall be located, used or placed on any portion of the Properties, or exposed to the view of other Owners without the prior written approval of the Architectural Committee. The Board of Directors shall have the right to determine in accordance with the By-Laws if any noise, odor, interference or activity producing such noise, odor or interference constitutes a nuisance.

Section 4. Signs. No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion of the Properties or any lot, without the prior written consent of the Architectural Committee, except (1) one sign for each dwelling unit, of not more than six (6) square feet, plain block letters, advertising the dwelling unit for sale or rent, or (2) signs, regardless of size, used by Declarant, its successors or assigns, to advertise the Properties during construction and sale period. All signs or billboards and the conditions promulgated for the regulation thereof shall conform to the requirements of all applicable governmental ordinances.

Section 5. Parking and Vehicular Restrictions. No Owner shall park, store or keep any vehicle, except wholly within the parking area designated therefor, and any inoperable vehicle shall be stored only in enclosed garages. No Owner shall park, store or keep on any property or street (public or private) within the Properties any large commercial-type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck), any recreational vehicle (including, but not limited to, any camper unit, or motor home), any bus, trailer, trailer coach, camp trailer, boat, aircraft, mobile home, inoperable vehicle or any other similar vehicle or

any vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board, upon any unenclosed parking space, so as to be visible from anywhere in the Properties. The above excludes camper trucks and similar vehicles up to and including three-quarter (3/4) ton when used for everyday-type transportation and subject to approval by the Board. No Owner of a lot shall conduct repairs or restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of any lot or upon the Common Area, except wholly within the Owner's garage, and then only when the garage door is closed; provided, however, that such activity shall at no time be permitted if it is determined by the Board or its agent to be a nuisance. Garage doors shall remain closed except for reasonable periods while the garages are being used.

Section 6. Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept on any lot or the Common Area, except usual and ordinary dogs, cats, fish, birds and other household pets (excluding, without limitation, equine, bovine, sheep, swine, goats and other such animals) may be kept on lots, provided that they are not kept, bred or maintained for commercial purposes or in unreasonable quantities, nor in violation of the rules and regulations adopted by the Association. As used in this Declaration, "unreasonable quantities" shall ordinarily mean more than two (2) pets per household, provided, however, that the Association (or the Architectural Committee or such other person or entity as the Association may from time to time designate) may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within

the Properties must be either kept within an enclosure, an enclosed yard or on a leash being held by a person capable of controlling the animals. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Properties by an Owner or by members of his family, his tenants or his guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Area or any portion of another's lot.

Section 7. Trash. No rubbish, trash or garbage or other waste material shall be kept or permitted upon any lot or Common Area, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Properties, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Such containers shall be exposed to the view of neighboring lots only when set out for a reasonable period of time (not to exceed twenty-four (24) hours before and after scheduled trash collection hours). There shall be no exterior fires whatsoever except barbecue fires contained with receptacles therefor and fire pits in the enclosed yards designed in such a manner that they do not create a fire hazard. No clothing or household fabrics shall be hung, dried or aired in such a way in the Properties as to be visible to other property, and no lumber, grass, shrub or tree clippings or plant waste, metals, bulk material or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Properties except within an enclosed structure or appropriately screened from view.

Section 8. Temporary Buildings. No outbuilding, basement, tent, shack, shed or other temporary building or improvement of any kind shall be placed upon any portion of the Properties either temporarily or permanently. No garage, trailer, camper, motor home or recreational vehicle shall be used as a residence in the Properties, either temporarily or permanently.

Section 9. Common Area Facilities. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Architectural Committee, subject to the provisions of this Declaration limiting construction on portions of the Common Area.

Section 10. Outside Installations. No radio station or short-wave operators of any kind shall operate from any lot or dwelling unit unless approved by the Board of Directors. No exterior radio antenna, C.B. antenna, television antenna, or other antenna of any type shall be erected or maintained in the Properties. No fence or wall shall be erected, altered or maintained on any lot in the Properties, except with the prior written approval of the Architectural Committee. All walls or fences initially constructed by Declarant shall be permanently maintained by the Owners of the lots on which they are located, and all other walls or fences shall be maintained in a good state of repair subject to the approval of the Architectural Committee. Any alterations or modifications of the walls or fences not addressed herein shall be subject to the prior written approval of the Architectural Committee.

Section 11. Insurance Rates. Nothing shall be done or kept in the Properties which will increase the rate of insurance on any property insured by the Association without the approval of the Board, nor shall anything be done or kept in the Properties which would result in the cancellation of insurance on

any property insured by the Association or which would be in violation of any law.

Section 12. Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any lot or within five hundred fifty feet (550') below the surface of the Properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any lot.

Section 13. Drainage. There shall be no interference with the established drainage pattern over any lot within the Properties, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time that such lot is conveyed to a purchaser from Declarant, or that which is shown on any plans approved by the Architectural Committee, which may include drainage from the Common Area over any lot or lots in the Properties.

Section 14. Violation of Governing Instruments. There shall be no violation of the restrictions of this Declaration or of the rules and regulations of the Association adopted in accordance with the provisions of the By-Laws. If any Owner, his family, guest, licensee, lessee or invitee, violates any such restrictions, the Board may impose a reasonable reimbursement assessment upon such Owner for each violation and may suspend the voting privileged of such Owner as further provided in the By-Laws. Such reimbursement assessment shall be collectible in the same manner as annual assessments hereunder, but the Board shall give

such Owner notice and hearing before invoking any such reimbursement assessment or suspension.

Section 15. Construction by Declarant. Nothing in this Declaration, except as provided to the contrary hereinbelow, shall limit the right of the Declarant to commence and complete construction of improvements to the Properties or to alter the foregoing or the lots or Common Area or to construct such additional improvements as the Declarant deems advisable prior to the completion and sale of all of the Properties, including lots and common area to be built on property to be annexed hereto. The Declarant may use any of the lots within the Properties owned by it for model home sites and incidental parking. The Declarant shall have the right and an easement to enter upon, use and enjoy and designate and permit others (including, without limitation, Declarant's agents, employees, representatives, contractors and prospective purchasers) to enter upon, use and enjoy the Common Area for any purpose in connection with or incidental to the construction, development, sale, lease or other transfer of property within or adjacent to the Properties (including, without limitation, the erection, construction and maintenance of displays, sales offices and incidental parking, exhibits, sign and other structures, provided, however, that the exercise of such right and easement shall not unreasonably interfere with the reasonable use and enjoyment of the Common Area by the Members.

Section 16. Open Space Easements. Certain of the lots within the Properties contain open space easements on the rear thirty feet (30') of such lots as shown and described on the recorded subdivision map of the Properties. No part of these easement areas shall be used except for the purpose of installing, erecting, constructing, planting and maintaining thereof: (i) grass, flowers, shrubs, trees and irrigation and other landscaping

appurtenances; (ii) fences and retaining and other walls heretofore or hereafter approved by the City of San Diego; (iii) recreational facilities provided the same shall not include any building; (iv) utility distribution facilities provided the same (except for transformer boxes and similar equipment not erected on poles, derricks or similar supports) are installed underground; (v) surface and underground drainage facilities; (vi) sidewalks, paths, and steps; (vii) directional signs, and (viii) outdoor lighting facilities and community television antenna facilities.

Section 17. Fence Restriction. No fence shall be constructed or erected on any lot within the Properties upon which there is a Slope Area being maintained by the Association without the prior written consent of the Architectural Committee. Any fence which is located on or adjacent to a Slope Area must be erected in such a location so as to facilitate access by the Association and its representatives to such Slope Area so that such Slope Area can be maintained in accordance with this Declaration.

Section 18. Reconstruction of Slope Areas. Certain of the lots within the Properties will be sold to the public as custom lots. In the event the Owner of any lot alters a Slope Area in connection with the construction of improvements thereon, such Slope Area must be reconstructed in accordance with all regulations of the Architectural Committee.

IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Organization. The Association is organized as a California corporation under the California Non-profit Corporation Law. The Association is charged with the duties and vested with the powers prescribed by law and set forth in the Articles, By-Laws, and this Declaration. Neither the Articles nor By-Laws shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. In the event that there should exist any ambiguity in any provision of the Articles or By-Laws, then such provision shall be construed, to the extent possible, so that such provision shall be consistent with the provisions of this Declaration.

Section 2. Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from the fee ownership of any lot which is subject to assessment by the Association. Ownership of such lot shall be the sole qualification for membership. Transfer of a lot shall automatically transfer membership in the Association.

Section 3. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be entitled to all rights and privileges of membership. The vote for such lot shall be exercised

as its Owners collectively determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

(a) At such time as the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

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

(c) On the fourth anniversary of the original issuance of the final subdivision public report for the first phase of the Project.

Section 4. Two Classes of Memberships. Notwithstanding anything to the contrary as may be contained elsewhere in this Declaration, any action by the Association which must have the approval of the membership of the Association before being undertaken, except for the action referred to in the Article of this Declaration entitled "ENFORCEMENT OF BONDED OBLIGATIONS," shall require the vote or written assent of the required percentage of each class of membership during the period of time that there are two (2) outstanding classes of membership. With the exception of the provisions of the Article entitled "ENFORCEMENT OF BONDED OBLIGATIONS" any provision of this Declaration which provides that the vote of the Declarant shall be excluded shall be applicable only if there has been a conversion of Class B to Class A membership and only for so long as Declarant holds or directly controls 25% or more of the voting power of the Association.

Section 5. Special Class A Voting Rights. Notwithstanding the provisions of this Article, if the Class A Members do not have sufficient voting power pursuant to the voting rights set forth in this Declaration and the By-Laws to elect at least one (1) director at any meeting at which directors are to be elected, and at which Class A Members are entitled to vote, then such Class A Members shall, by majority vote, among themselves, elect one (1) director and the remaining vacancies on the Board shall be elected by the Class B Member. In no event shall the Class A Members be entitled to elect more than one (1) director to the Board pursuant to the provisions of this special Class A voting right.

Section 6. Vesting of Voting Rights. All voting rights which are attributable to a specific lot pursuant to the terms of this Declaration shall not vest until such time as such lot is subject to annual assessments pursuant to the terms of this Declaration.

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Covenant to Pay Assessment. Declarant, on behalf of itself, and for each lot owned, hereby covenants, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual or regular assessments or charges, (2) special assessments for capital improvements, and (3) reimbursement assessments, all such assessments to be established and collected as hereinafter provided. The annual assessments or charges must be in an amount sufficient to include an adequate reserve fund for maintenance, repairs and replacement of the Common Area that must be replaced on a periodic basis, and this reserve fund must be collected as an annual assessment rather than as a special assessment. Each of such assessments, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such lot at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to such person's successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the lots and for the improvement, operation and maintenance of the Common Areas and the performance of the duties of the Association as set forth in this Declaration.

Section 3. Amount of Annual Assessments. The amount and time of payment of annual assessments against each lot shall be determined by the Board of Directors of the Association giving due consideration to the current maintenance costs and future needs of the Association. The annual assessments against each lot shall not be increased more than twenty percent (20%) over the annual assessments for the preceding year against each lot without the vote or written consent of a majority of the total voting power of the Association (excluding the voting power of the Declarant).

Section 4. Special Assessments for Capital Improvement. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement within the Common Area including fixtures and personal property related thereto or any other action or undertaking on behalf of the Association, provided that any such assessment for all lots for the fiscal year in the aggregate in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall be approved by the vote or written assent of a majority of the voting power of each class of Members of the Association at a meeting duly called for this purpose. The foregoing limitation on special assessments shall not apply to any reimbursement assessment which is authorized by the provisions of this Declaration.

Section 5. Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner who fails to comply with the provisions of this Declaration, the determinations of the Architectural Committee, the Association's

Articles or By-Laws, or any rule or regulation adopted by the Association, if such failure results in the expenditure of monies by the Association in carrying out its functions hereunder or for purposes of collecting any fines which may be levied by the Association. Except for collection of fines, such assessment shall be for the purpose of reimbursing the Association, shall be limited to the amount so expended, and shall be due and payable to the Association when levied.

Section 6. Notice and Quorum for Meetings Called Under Sections 3 and 4. Written notice of any meeting called to approve an increase in assessments greater than 20% under Section 3 or a special assessment under Section 4 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of Members or of proxies entitled to cast fifty-one percent (51%) of the voting power of the Association other than Declarant shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same quorum requirement.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis, unless some other period for collection is adopted by the Board.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all lots (including those owned by Declarant) on the first day of the month following the conveyance of the first lot by Declarant to an individual Owner; provided, however, that annual assessments shall commence for all lots located within a phase of the Project which has been annexed hereto on the first day of the month following the conveyance of the first lot in such phase by Declarant to an individual Owner.

The first annual assessments shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board of Directors shall fix the amount of the annual assessment against each lot at least sixty (60) days in advance of each fiscal year of the Association. Written notice of the amount of the annual assessments against each lot shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. In the event the Board shall determine at any time that the estimate of the annual assessment for the current fiscal year is, or will become, inadequate to meet the expenses of the Association for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total Association expenses and determine the revised amount of the annual assessment against each Owner.

Section 9. Certification of Payment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. Said signed certificate shall be conclusive evidence as to all third parties relying thereon to show that all assessments acknowledged therein have been paid but shall not relieve any Owner of the responsibility for assessments not in fact paid.

Section 10. Reserves. The annual assessments shall include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Area, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited

by the Board in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members.

Section 11. Effect of Nonpayment of Assessments; Remedies of the Association. Each Owner of any lot on becoming an Owner of any lot, is and shall be deemed to covenant and agree to pay to the Association each and every of the assessments provided for in this Declaration; and agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. Any assessment not paid within fifteen (15) days after the date on which it becomes due shall thereafter bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and a late charge of Ten Dollars (\$10) shall be assessed. In addition to any other remedies herein or by law provided, the Board, or its authorized representative, may enforce the obligations of the Owners to pay the assessments provided for in this Declaration, and each of them, in any manner provided by law or in equity, or without any limitation of the foregoing, by either or both of the following procedures:

(a) Enforcement by Suit. By commencement and maintenance of a suit at law against any Owner or Owners personally obligated to pay assessments for such delinquent assessments as to which they are personally obligated, such suit

to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon as provided for herein, costs of collection, court costs and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

(b) Enforcement by Lien. There is hereby created a claim of lien, with power of sale, on each and every lot to secure payment to the Association of any and all assessments levied against any and all Owners of such lots pursuant to this Declaration, together with interest thereon as provided for in this Declaration, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. At any time after the occurrence of any delinquency in the payment of any such assessment, the Board or any authorized representative thereof may make a written demand for payment to the delinquent Owner. Said demand shall state the date and amount of the delinquency. Each delinquency shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien and any demand or claim of lien or lien on account of prior delinquencies shall be deemed to include subsequent delinquencies and amounts due on account thereof. If such delinquency is not paid within ten (10) days after delivery of such demand, the Board or its duly authorized representative may thereafter elect to file and record a claim of lien on behalf of the Association against the lot of the defaulting Owner in the Office of the County Recorder of San Diego County. Such claim of lien shall be executed and acknowledged by any officer of the Association and shall contain substantially the following information:

- (1) The name of the record Owner;
- (2) The legal description of the lot against which claim of lien is made;
- (3) The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and estimated attorneys' fees (with any proper offset allowed);
- (4) That the claim of lien is made by the Association pursuant to this Declaration; and
- (5) That a lien is claimed against said lot in an amount equal to the amount stated, together with all other amounts becoming due from time to time in accordance with this Declaration.

Upon such 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 Association as a lien upon the lot against which such assessment was levied. Such a lien shall have priority over all liens or claims created subsequent to the recordation of this Declaration, except for tax liens for real property taxes on any lot and assessments on any lot in favor of any municipal or other governmental assessing unit and except for certain Trust Deeds as provided in Section 12 below. Any such lien may be foreclosed by appropriate action in Court or in the manner provided by the California Civil Code for the foreclosure of a deed of trust with power of sale, or in any other manner permitted by law. The Board is hereby authorized to appoint its attorney, any officer or director of the Association, or any Title Company authorized to do business in California as Trustee for the purpose of conducting such power of sale foreclosure. The lien provided for herein shall be in

favor of the Association and shall be for the benefit of all other lot Owners and shall secure payment of all sums set forth in the claim of lien, together with all sums becoming due and payable in accordance with this Declaration after the date of recordation of said claim of lien. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any lot. In the event such foreclosure is by action in Court, reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a lot, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner. Upon the timely curing of any default for which a notice of claim of lien was filed by the Board and the payment of all sums secured by the lien created by the recordation of such claim of lien, the Board shall cause an officer of the Association to file and record an appropriate release of such claim of lien in the Office of the County Recorder of San Diego County, California. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use or abandonment of his lot. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of a claim of lien, whether judicially, by power of sale, or otherwise, until the expiration of ten (10) days after a copy of said claim of lien, showing the date of recordation thereof has been mailed to the Owner of the lot which is described in such claim of lien.

Section 12. Subordination to Certain Trust Deeds.

The lien for the assessments provided for herein in connection with a given lot shall not be subordinate to the lien of any deed

of trust or mortgage, except the lien of a first deed of trust or first mortgage, or contract of sale given and made in good faith and for value that is of record as an encumbrance against such given lot prior to the recordation of a claim of lien for the assessments provided for in this Declaration against such given lot (such deed of trust or mortgage being hereinafter referred to as a "prior deed of trust"). The sale or transfer of any lot shall not affect any assessment lien created pursuant to the term of this Declaration to secure assessments becoming due whether prior to, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent assessments as provided for by Section 1 of this Article; provided, however, that the sale or transfer of any lot pursuant to a judicial foreclosure or foreclosure by power of sale of a prior deed of trust, or proceeding in lieu of foreclosure of a prior deed of trust, shall extinguish any assessment lien which has attached and become effective with regard to the lot being so transferred prior to the time of such sale or transfer, and shall prohibit the recordation of any assessment lien against such lot on account of assessments which became due prior to the date of such sale or transfer; provided, however, that there shall be a lien on the interests of the purchaser at such sale which shall attach, be created and become effective and be foreclosed in accordance with this Declaration and which shall secure all assessments becoming due after the date of any such sale or transfer. For the purpose of this Section 12, a sale or transfer of a lot shall occur on the date of recordation of a deed or other instrument of title evidencing the conveyance of record title to the lot.

Section 13. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein: All properties dedicated to and accepted by any local public authority and the Common Area.

DUTIES AND POWERS OF THE ASSOCIATION

Section 1. General Powers of the Association. All powers relating to the management, operation and maintenance of the Common Area, as well as certain rights, duties and powers relating to the lots, as hereinafter set forth, shall be vested in the Association and in its Board of Directors. The specific and primary purposes and powers of the Association and its Board of Directors are to provide for the operation, control, repair, maintenance and restoration of the Common Areas, provide architectural control of the Properties, provide recreational activities for the Members, and to enforce the provisions of this Declaration and the Association's Articles and By-Laws, and any other instruments relating to the management and control of the Association and the Properties. The Association may do any and all other acts and things that a nonprofit corporation is empowered to do, which may be necessary, convenient or desirable in the administration of its affairs for the specific and primary purposes of meeting its duties as set forth in this Declaration. The Association, through its Board of Directors, shall have the authority to delegate its powers to committees, officers of the Association or its employees.

Section 2. Contracts of the Association. The Association shall have the right and power to employ or engage a manager and other employees or agents and contract for such services, labor and materials as it may deem reasonable or necessary to operate and maintain the Properties and the Common Area, and the improvements thereon and to discharge its other duties as herein provided. Any agreement for professional management of

the Association or for services of the Declarant must provide that the management contract may be terminated by either party without cause or payment of a termination fee upon ninety (90) days written notice and the term of such contract shall not exceed three (3) years.

Section 3. General Duties of Association. In addition to the duties and powers enumerated in its Articles of Incorporation and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, and subject to the limitations on the power of the Board as set forth in Sections 4 and 5 of this Article, the Association acting through the Board shall:

(a) Own and maintain all Common Area within the Properties including the entry area and entry signs located at Pomerado Road and Semilon Boulevard. The responsibility of the Association to maintain the Common Area shall commence on the first of the month following the close of escrow representing the conveyance of the first lot by Declarant to an Owner;

(b) Landscape, irrigate, and maintain, or cause to be maintained, substantially as originally improved by the Declarant or as may be further improved or modified with the consent of the Architectural Committee and the Board, the Slope Areas more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, and all landscaping and improvements therein and thereon (including drainage or irrigation facilities and systems), in a neat, safe, sanitary and orderly condition (including the repair and replacement of landscaping and improvements when necessary or appropriate), and in such a manner as to enhance their appearance and to preserve established slope ratios, prevent erosion and sliding problems, and facilitate the orderly discharge of water through established drainage systems. The Association shall also repair and restore

the Common Area and the Slope Areas due to damage of any kind and from any source including, without limitation, natural causes such as landslides and flooding. The responsibility of the Association for the maintenance of the Slope Areas shall commence on the first of the month following the close of escrow representing the conveyance of the first lot by Declarant to an Owner. The responsibility of the Association for maintenance of the Slope Areas within any phase to be annexed hereto shall commence on the first of the month following the close of escrow representing the conveyance of the first lot by Declarant to an Owner,

(c) Maintain such policy or policies of insurance as the Board deems necessary or desirable in furthering the purposes of and protecting the interests of the Association and its Members including, but not limited to, hazard and liability insurance, plate glass insurance, fidelity bonds, workmen's compensation and officers' and directors' liability insurance. The Association shall be required, if available, to maintain fire and extended coverage insurance on insurable Common Area improvements on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs);

(d) Have the authority to obtain, for the benefit of the Common Area, all utility services necessary to operate and maintain the Common Area;

(e) Maintain all drainage facilities and easements owned by the Association, if any;

(f) Pay taxes and assessments which are or could become a lien on the Common Area, if any, or some portion thereof;

(g) Prepare budgets and financial statements for the Association and its Members as prescribed in the By-Laws of the Association;

(h) Initiate and execute disciplinary proceedings against Members of the Association for violations of provisions of this Declaration or the Association's Articles of Incorporation or By-Laws in accordance with the procedures set forth in this Declaration;

(i) Maintain the open space easement area which is approximately thirty feet (30') in width and which is located on the rear portions of lots 1 to 13, all as shown and described on the recorded subdivision map of the Properties. The Association shall also have the responsibility to maintain any similar open space easements which are so described on the recorded subdivision map of any property which is annexed to this Declaration pursuant to the Article hereof entitled "Annexation";

(j) Maintain, operate and repair all storm drains, catch basins, ditches and related drainage devices which are located within the Properties or within any property which may be annexed to this Declaration;

(k) Maintain those slope areas which are exterior to the boundaries of the Properties and which are depicted on Exhibit "B" hereto. The obligation of the Association to maintain these slope areas shall terminate at such time as the property on which these slope areas are located is developed and the owner of such property is required by the City of San Diego to assume responsibility for these slope areas;

(l) Maintain the fence on the rear of Lots 8 through 13 which is adjacent to the open space easement area.

Section 4. Restrictions on Power of the Board. The Association shall be prohibited without the prior vote or written assent of a majority of the voting power of the Association (excluding the voting power of the Declarant) from doing either of the following: (i) incurring aggregate expenditures for capital improvements to any portion of the Properties in any

fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or (ii) selling during any fiscal year of the Association property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year; (iii) paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association; and (iv) filling of a vacancy on the Board created by the removal of a Board member.

Section 5. Limitation on Board Authority on Contract.

The Board of Directors shall not enter into any contracts for goods or services with a duration greater than one (1) year without the vote or written consent of a majority of the voting power of the Association residing in Members other than Declarant with the following exceptions: (i) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; (ii) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; or (iii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy permits for short rate cancellation by the insured.

Section 6. Association Rules. The Board shall also

have the power to adopt, amend, and repeal such rules and regulations as it deems reasonable which may include the establishment of a system of fines and penalties enforceable as reimbursement

assessments. The rules of the Association shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Areas provided, however, that the rules of the Association may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or By-Laws. Any rule of the Association which imposes a system of fines or penalties must provide that the accused be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is imposed. A copy of the rules of the Association as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the rules of the Association shall be delivered to each Owner in the same manner established in this Declaration for the delivery of notices. Upon completion of the notice requirements, said rules of the Association shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received thereby. The rules of the Association, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner and Institutional Holder of a Mortgage upon request. In the event of any conflict between any such rules of the Association and any other provisions of this Declaration, or the Articles or By-Laws, the provisions of the rules of the Association shall be deemed to be superseded by the provisions of this Declaration, the Articles or the By-Laws to the extent of any such conflict.

Section 7. Entry Onto Lots. The Association and its representatives shall have the right to enter upon any lot within the Properties to the extent such entry is necessary in connection with the performance by the Association of its duties

and responsibilities under this Article or under this Declaration, including, without limitation, the construction, maintenance or effectuation of emergency repairs for the benefit of the lots, the Common Areas, or for any of the Owners within the Properties.

VII

INSURANCE

Section 1. Types. The Association, to the extent available, shall obtain and continue in effect in its own name the following types of insurance:

(a) A comprehensive policy of public liability insurance covering the Common Areas with a limit of not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against such risks as shall customarily be covered or available with respect to planned unit developments and shall contain an endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Association or other Owners;

(b) A policy of fire and casualty insurance with extended coverage for the full replacement value of the Common Area improvements, without deduction for depreciation, and clauses waiving subrogation against Owners and the Association and persons upon the Properties with the permission of an Owner, such insurance to afford protection against loss or damage by fire and other hazards covered by the standard extended coverage policy of hazard insurance;

(c) Fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who handle or who are responsible to handle the funds of the Association, and such fidelity bonds shall name the Association as obligee, shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves.

Section 2. Waiver by Members. As to each of said policies which will not be voided or impaired thereby, the Members hereby waive and release all claims against the Association, the Board, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 3. Other Insurance; Annual Review. The Association may purchase such other insurance as it may deem necessary, including, but not limited to, plate-glass insurance, workmen's compensation, officers' and directors' liability, errors and omission insurance and blanket policies of hazard insurance for the lots. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Association in light of inflation, practice in the area in which the Properties are located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 4. Premiums and Proceeds. Insurance premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Association shall be an expense to be included in the annual assessments levied by the Association. The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) directors of the Association may sign a loss claim form and release form in

connection with the settlement of a loss claim, and such signatures shall be binding on the Association and the Members.

Section 5. Payment of Taxes or Premiums by Institutional Holders of Mortgages. Institutional Holders of Mortgages may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area, unless such taxes or charges are separately assessed against the Owners, in which case the rights of Institutional Holders of Mortgages shall be governed by the provisions of their Mortgages. Institutional Holders of Mortgages may, jointly or singly, also pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Area and the Institutional Holder of a Mortgage making such payments shall be owed immediate reimbursement therefor from the Association.

VIII

DAMAGE AND DESTRUCTION AFFECTING COMMON AREA

Section 1. Consent of Owners to Rebuild. If all or any portion of the Common Area is damaged or destroyed by fire, or other casualty, then neither the Board, the Association, or any agent or employee thereof shall be required or permitted to take any action to repair or rebuild the damaged portions, or to cause the damaged portions to be repaired or rebuilt without the written consent of at least fifty-one percent (51%) of the Members of each class as to the manner of repair or reconstruction and the payment therefor, except as provided in Section 2 of this Article in the event adequate insurance proceeds are available as set forth therein.

Section 2. No Consent Required With Adequate Insurance. Notwithstanding anything contained in Section 1 above to the contrary, if the cost of repairing or rebuilding the portion of the Common Area so damaged or destroyed does not exceed the amount of insurance proceeds available to the Association, the Board shall be authorized and required without the consent or approval of the Members, to contract to repair or rebuild the damaged portions of the Common Area substantially in accordance with the original plans and specifications therefor. In the event any excess insurance proceeds remain, or in the event of a decision by the Association not to reconstruct or replace such damages or destroyed improvements, the Board, in its sole discretion, may retain such sums in the general funds of the Association or distribute pro rata all or a portion thereof to the Owners, subject to the prior rights of Institutional Holders of any first Mortgage whose interest may be protected by insurance policies carried by the Association. The rights of an Owner and

the Institutional Holder of a first Mortgage on his lot as to such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such lot.

IX

EMINENT DOMAIN

The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Common Area or the improvements thereon, the Owners hereby appoint the Board and such persons as the Board may delegate to represent all of the Owners in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Association. In the event of a taking of less than all of the Common Area, the rules as to restoration and replacement of the Common Area and the improvements thereon shall apply as in the case of destruction of improvements upon the Common Area. In the event of a total taking, the Board may in its sole discretion retain any award in the general funds of the Association or distribute pro rata all or a portion thereof to the Owners. The rights of an Owner and the Institutional Holder of a Mortgage on his lot as to such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such lot.

ARCHITECTURAL CONTROL

Section 1. Members of Committee. The Architectural Committee shall consist of five (5) members. The initial members of the Architectural Committee shall be representatives of Declarant, whose business address is 1641 Langley Avenue, Irvine, California, 92714. Subject to the following provisions, Declarant shall have the right and power at all times to appoint and remove a majority of the members of the Architectural Committee or to fill any vacancy of such majority until the "turnover date" which shall be the date on which either (i) ninety percent (90%) of the lots subject to this Declaration have been sold and the deeds recorded ("close of escrow"), or (ii) five (5) years following the date of issuance of the Final Subdivision Public Report for the Properties, whichever occurs earlier. Commencing one (1) year from the date of close of escrow for the sale of the first lot in the Properties to a purchaser (other than a Developer) from Declarant, the Board shall have the power to appoint one (1) member to the Architectural Committee, until the turnover date. Thereafter, the Board shall have the power to appoint and remove all of the members of the Architectural Committee. Persons appointed to the Architectural Committee by the Board shall be from the membership of the Association, but persons appointed to the Architectural Committee by Declarant need not be Members of the Association. The Architectural Committee shall have the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Article, in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials of the buildings in the Project. The

Architectural Committee may designate and appoint a representative who is a licensed architect and a majority of the members of said Architectural Committee may, from time to time, remove or replace such representative. The designated representative of the Architectural Committee may be, but need not be, a member of the Architectural Committee.

Section 2. Review of Plans and Specifications. The Architectural Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Committee. No construction, alteration, addition, modification, decoration, redecoration or reconstruction of an Improvement in the Properties shall be commenced or maintained, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Architectural Committee and approved in writing by the Architectural Committee. The address for submission of such plans and specifications shall be the address of the principal place of business of the Association. The Architectural Committee shall approve plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, and that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Area or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association. The Architectural Committee may condition its approval of proposals or

plans and specifications for any Improvement (i) on such changes therein as it deems appropriate, (ii) upon the agreement by the person (referred to in this Section 2 as "applicant") submitting the same to grant appropriate easements to the Association for the maintenance of the Improvement, or (iii) upon the agreement of the applicant to reimburse the Association for the cost of such maintenance, or all three, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Architectural Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee payable to the Association to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The Architectural Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Architectural Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Decisions of the Architectural Committee and the reasons therefor shall be transmitted by the Architectural Committee to the applicant at the address set forth in the application for approval, within thirty (30) days after receipt by the Architectural Committee of all materials required by the Architectural Committee. Any application submitted pursuant to this Section 2 shall be deemed approved, unless written disapproval or a request for additional information or materials by the Architectural Committee shall

have been transmitted to the applicant within thirty (30) days after the date of receipt by the Architectural Committee of such application or additional information.

Section 3. Meetings of the Architectural Committee.

The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Committee may from time to time, by resolution unanimously adopted in writing, designate an Architectural Committee representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Architectural Committee, except the granting of variances pursuant to Section 8 of this Article. In the absence of such designation, the vote of any two (2) members of the Architectural Committee taken without a meeting, shall constitute an act of the Architectural Committee.

Section 4. No Waiver of Future Approvals. The

approval of the Architectural Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Architectural Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

Section 5. Compensation of Members. The members of

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

Section 6. . . . Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

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

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

(c) If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Architectural Committee shall notify the Board in writing of such failure. After affording such Owner notice and hearing, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may record a notice of noncompliance in the Office of the San Diego County Recorder and may peacefully remove the noncomplying Improvement or otherwise peacefully remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith.

If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a reimbursement assessment against such Owner for reimbursement.

(d) If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within sixty (60) 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 7. Nonliability of Architectural Committee Members. Neither Declarant, the Architectural Committee nor any member of the Architectural Committee, the Board nor their duly authorized representative, shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Architectural Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Architectural Committee. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of aesthetic considerations and the over-all benefit or detriment which would result to the immediate vicinity and the Properties generally. The Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Architectural Committee's approval or disapproval shall be based solely on the considerations set forth in this Article, and the Architectural Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plans or design from the standpoint of structural safety or conformance with building or other codes.

Section 8. Variance. The Architectural Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Architectural Committee, and shall become effective upon recordation in the Office of the County Recorder of San Diego County. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including but not limited to zoning ordinances and lot setback lines or requirements imposed by the County of San Diego or any other governmental authority.

XI

NOTICES

In each instance in which notice is to be given to the Owner of a lot, the same shall be in writing and may be delivered personally, in which case personal delivery of such notice to one or two or more co-owners of a lot, or to any general partner of a partnership owning such a lot, shall be deemed delivery to all of the co-owners or to the partnership as the case may be, and personal delivery of the notice to any officer or agent for the service of process of a corporation owning such lot shall be deemed delivery to the corporation or such notice may be delivered by United States mail, certified or registered, postage prepaid, return receipt requested, addressed to the Owner of such lot at the most recent address furnished by the Owner in writing for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such lot, and any notice so deposited in the mail within San Diego County, California, shall be deemed delivered forty-eight (48) hours after such deposit. Any notice to be given to the Association may be delivered personally to any member of the Board, or delivered in such other manner as may be authorized by the Association. Any notice to be given to the Association shall be delivered by the United States mail, certified or registered, postage prepaid, return receipt requested, and any notice so deposited in the mail within San Diego County, California, shall be deemed delivered forty-eight (48) hours after such deposit.

XII

RIGHTS OF LENDERS

Notwithstanding any provisions to the contrary as may be provided elsewhere in this Declaration, Lenders shall have the following rights:

Section 1. Notice to Institutional Holders of Default. Any Institutional Holder of any Mortgage on a lot shall be entitled to receive, upon written request to the Association, written notification from the Association of any default by the Owner (trustor) of such lot in the performance of such Owner's obligations under the Declaration or the Association's Articles or By-Laws which is not cured within thirty (30) days from the date of such default.

Section 2. Assessments on Foreclosure. Any Institutional Holder of any First Mortgage who obtains title to a lot pursuant to the remedies provided in the Mortgage (but exclusive of a deed in lieu of foreclosure), or through foreclosure of the First Mortgage, shall not be liable for any claims for unpaid assessments or charges against such lot which accrued prior to the acquisition of title to such lot by the Institutional Holder of the First Mortgage.

Section 3. Right of First Refusal. Any Institutional Holder of a Mortgage who comes into possession of a lot pursuant to the remedies provided in such Mortgage, or foreclosure of the Mortgage, shall be exempt from any right of first refusal, and any right of first refusal shall not impair the rights of an Institutional Holder to:

(a) Foreclose or take title to a lot pursuant to the remedies provided in the Mortgage, or

(b) Accept a deed (or assignment) in lieu of foreclosure in the event of default by the Trustor of the Mortgage, or

(c) Sell or lease a lot acquired by the Institutional Holder.

Section 4. Required Consent of Owners. Unless at least two-thirds (2/3) of the Owners, excluding the vote of Declarant (based on one vote for each lot owned), have given their prior written approval, the Association and the Owners shall not be entitled to:

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

(b) By act or omission seek to abandon, partition, release, subdivide, encumber, sell or transfer any property or any improvements which are owned, directly or indirectly, by the Association;

(c) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the dwellings situated on each lot or the upkeep of the Common Areas within the Properties;

(d) Use hazard insurance proceeds for losses to the Common Area property for other than the repair, replacement or reconstruction of such improvements;

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

(f) Abandon or terminate the Association, except for abandonment, partition or termination as may be provided by law;

(g) Fail to maintain an adequate reserve fund for the replacement of equipment and facilities used for Common Area maintenance.

Section 5. Rights of Institutional Holders. All Institutional Holders of Mortgages on individual lots shall, upon written request to the Association, be entitled to:

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

(b) Receive an annual audited financial statement of the Association within ninety (90) days provided, however, that such audited statements shall be made available only if they have been prepared by the Association in the regular course of business, following the end of any fiscal year of the Association;

(c) Receive written notice of all meetings of the Owners of the Association and shall be entitled to designate a representative to attend all such meetings.

Section 6. Payment of Taxes and Insurance Premiums. Institutional Holders of Mortgages on lots within the Properties may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any Common Area property, if any, and may pay overdue premiums on hazard insurance policies or secure hazard insurance coverage upon the lapse of a policy for any Common Area property and the mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

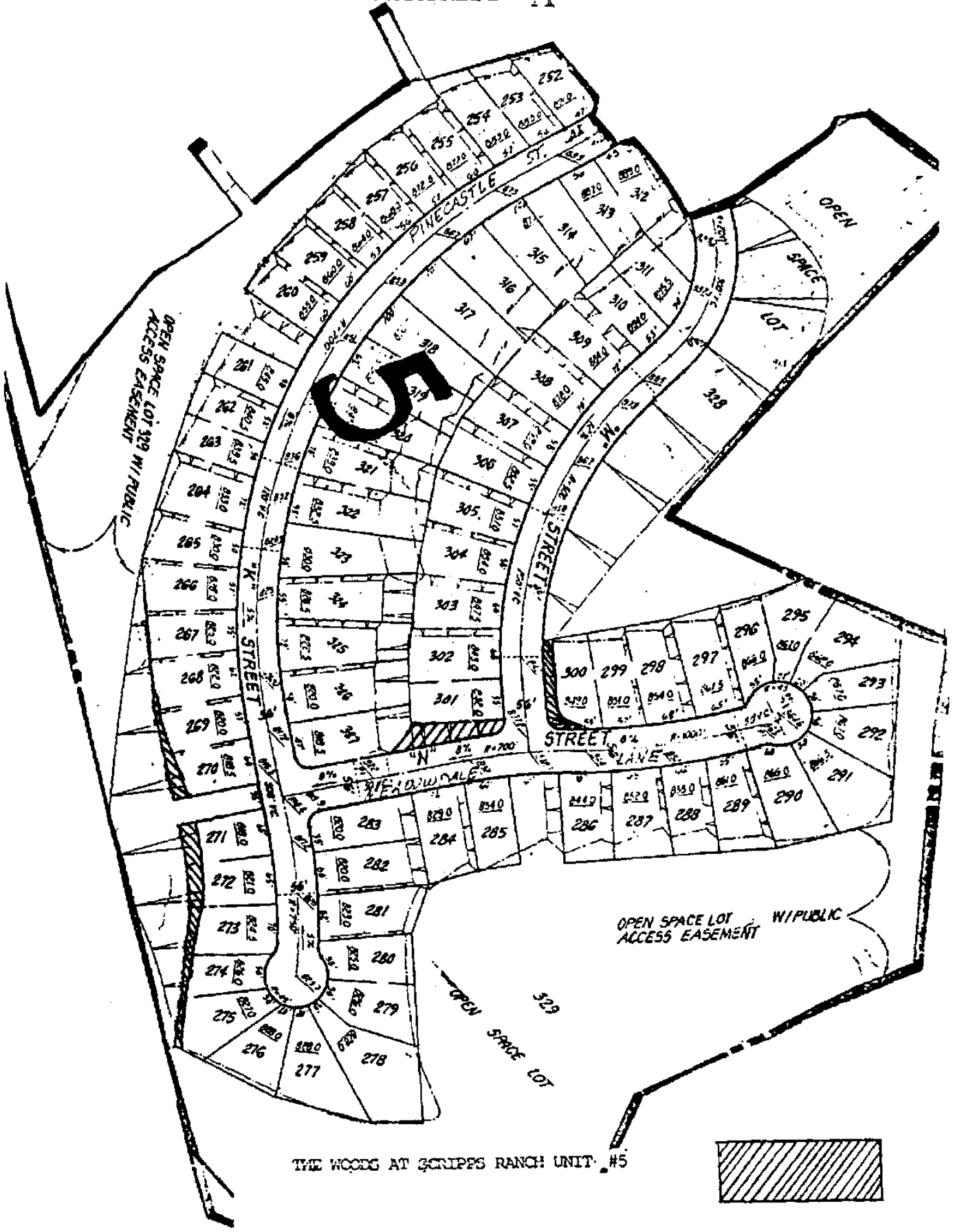
Section 7. Priority on Distribution of Proceeds. No Owner or any other party shall have priority over any rights

of Institutional Holders of Mortgages upon individual lots pursuant to their Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of all or any portion of the commonly owned property, if any, and/or the individual lots and improvements thereon.

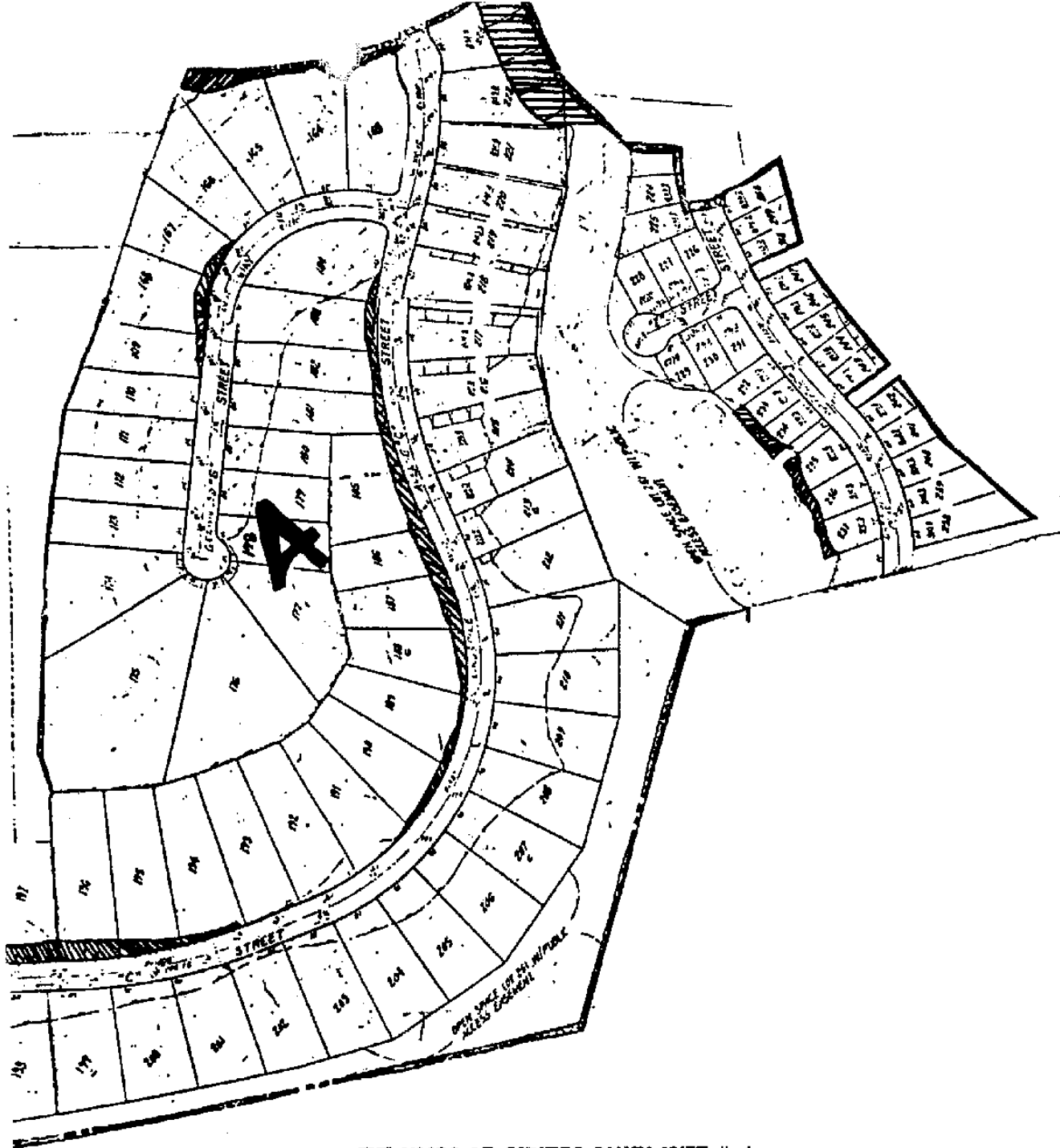
Section 8. Notice of Destruction or Taking. In the event that any lot or the improvements thereon or any commonly owned property, if any, or portions thereof, are substantially damaged or destroyed, or are made the subject of any condemnation proceeding in eminent domain or are otherwise sought to be acquired by a condemning authority, the Association shall promptly notify all Institutional Holders of Mortgages affected by such destruction, taking or threatened action.

Section 9. Insurance. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by the Federal Home Loan Mortgage Corporation, so long as it is a mortgagee or owner of a lot within the project, except to the extent such coverage is not available or has been waived in writing by the Federal Home Loan Mortgage Corporation.

Section 10. Mortgage Protection Clause. No breach of the covenants, conditions or restrictions herein contained, nor any lien created hereby, shall defeat or render invalid the lien of any first mortgage or first deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.



CROSS HATCHED AREAS INDICATE "SLOPES" AS THAT TERM IS DEFINED IN THE DECLARATION, AFFECTING THE ANNEXED PROPERTY AND OTHER PROPERTIES TO BE SUBJECT TO THE DECLARATION.



THE WOODS AT SCRIPPS RANCH UNIT # 4

CROSS HATCHED AREAS INDICATE "SLOPES" AS THAT TERM IS DEFINED IN THE DECLARATION AFFECTING THE ANNEXED PROPERTY AND OTHER PROPERTIES TO BE SUBJECT TO THE DECLARATION.



(Cross Hatch)

Section 11. Conflicts. In the event of any conflicts between any of the provisions of this Article and any other provisions of the Declaration, the provisions of this Article shall control.

XIII

ENFORCEMENT OF BONDED OBLIGATIONS

In the event that the improvements to any commonly owned or maintained property within the Properties have not been completed prior to the issuance of a Final Subdivision Public Report covering such tract by the Department of Real Estate of the State of California, and the Association is obliged under a bond or other arrangement (hereinafter the "Bond") to secure performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

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

(b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the By-Laws dealing with meetings of the Members, but in any event such meeting shall be held not less than fifteen (15) days nor more than thirty (30) days after

receipt by the Board of a petition for such meeting, signed by Members representing ten percent (10%) of the total voting power of the Association.

(c) The only Members entitled to vote at such meeting shall be the Owners other than Declarant. A vote at such meeting of a majority of the voting power of such Members, other than Declarant, to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

XIV

ANNEXATION

Section 1. Annexation With Consent. Additional lots and Common Area may be annexed to the Properties with the consent of at least two-thirds (2/3) majority of the voting power of the Association, excluding the voting power of the Declarant; or

Section 2. Annexation Without Consent. If, at any time within the third anniversary date of the original issuance of the most-recently-issued public report for a phase of the Properties, the Declarant should develop additional lands within the areas described in Exhibit "C" which is attached hereto and by this reference made a part hereof, such additional lands may be annexed to the Properties without the assent of the Class A members and be made subject to the Declaration and thereby become subject to the jurisdiction of the Association; provided, however, that the development of the additional lands. If the California Department of Real Estate determines that such detailed plans are not in accordance with the general plan on file and such agency so advises the Association and the Declarant, the annexation of the additional lands must be in accordance with Section 1 immediately above. A supplementary Declaration of Covenants, Conditions and Restrictions as described hereinafter in Section 3 of this Article, covering the real property or portions thereof described in Exhibit "C" hereto, shall be executed and recorded by the Owner of such property to be annexed. The dwellings to be constructed on any lots to be annexed pursuant to this Article without the consent of the Owners must be of comparable style, quality, size and cost and shall be so constructed so as to have similar styles, floor plans, size and quality of buildings as those buildings which are presently constructed within the Properties.

Section 3. Supplementary Declaration. The additions authorized under the foregoing section shall be made by filing of record a supplementary Declaration of Covenants, Conditions and Restrictions, or similar instrument, with respect to the additional property which shall extend the plan of this Declaration to such property. Such supplementary Declarations contemplated above may contain such complementary additions or modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property as are not inconsistent with the plan of this Declaration. In no event, however, shall any such supplementary Declaration, merger or consolidation, revoke, modify or add to the covenants established by this Declaration within the existing property, except as hereinafter otherwise provided. The recordation of said supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the WHISPERING RIDGE HOMEOWNERS ASSOCIATION, and thereafter all of the Owners of lots in said real property shall be Members of the WHISPERING RIDGE HOMEOWNERS ASSOCIATION, in accordance with the terms and provisions of this Declaration and such supplementary Declaration. Upon such annexation all Owners of lots within the Properties shall have an equal right to the use of all of the Common Areas within the Properties. Nothing herein shall obligate Declarant to annex to the Properties all or any portion of the lots described in Exhibit "C" hereto and any decision to affect such annexation shall be in the sole discretion of Declarant.

EASEMENTS AND OWNERS' PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of ingress and egress and of enjoyment in, to and over the Common Area (except for any slope areas on the Common Area) which shall be appurtenant to and shall pass with title to every lot, subject to the following provisions:

(a) The right of the Association to reasonably limit the number of guests of Owners using the Common Area facilities;

(b) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area;

(c) The right of the Association in accordance with the Articles, By-Laws and this Declaration, with the vote or written assent of two-thirds (2/3) of the voting power of each class of Members, to borrow money for the purpose of improving the Common Area and the facilities and in aid thereof, and, subject to the provisions of the Article of this Declaration entitled "RIGHTS OF LENDERS," to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Institutional Holders of Mortgages shall be subordinated to the rights of the Owners;

(d) Subject to the provisions of the Article of this Declaration entitled "RIGHTS OF LENDERS," the right of the Association to dedicate, release, alienate or transfer the Common Area to any public agency, authority, utility or other person for such purposes and subject to such conditions as may be agreed to by

the Members. No such dedication, release, alienation or transfer shall be effective, unless an instrument signed by Members entitled to cast at least two-thirds (2/3) of each class of the voting power of the Association, agreeing to such dedication, release, alienation or transfer has been recorded;

(e) The rights and reservations of Declarant as set forth in this Declaration, including the right of Declarant and its sales agents, representatives and prospective purchasers, to the non-exclusive use of the Common Area and any facilities thereof, without cost, for access, ingress, egress, use and enjoyment, in order to dispose of the Properties as provided herein, until the close of escrow for the sale of all of the lots in the Properties; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein;

(f) The right of the Board to suspend the rights and easements of use and enjoyment of the recreational facilities, if any, located on the Common Area of any Member, and the persons deriving such rights and easements from any Member, for any period during which the payment of any assessment against such Member and his lot remains delinquent; and, after notice and hearing with an opportunity to be heard, to impose monetary penalties or suspend such use rights and easements for a reasonable period of time as determined by the Board for any violation of this Declaration, Articles, By-Laws or rules and regulations of the Association, it being understood that any suspension for either non-payment of any assessment or breach of such restrictions shall not constitute a waiver or discharge of the Member's obligation to pay assessments as provided herein;

(g) The right of the Association, acting through the Board, to reasonably restrict access to areas of the Common Area.

Section 2. Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release the lot or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area and the facilities thereon or by abandonment of his lot or any other property in the Properties.

Section 3. Title to the Common Area. Declarant hereby covenants for itself, its successors and assigns, that it will convey to the Association fee simple title to the Common Area in the Properties, free and clear of any and all encumbrances and liens, subject to reservations, easements, covenants and conditions then of record, including those set forth in this Declaration. Said conveyance shall be made prior to the conveyance of the first lot to a purchaser from Declarant pursuant to a Final Subdivision Public Report covering the Properties.

Section 4. Owners' Rights and Duties: Utilities. The rights and duties of the Owners of lots within the Properties with respect to sanitary sewer and water, electricity, gas and telephone and cable television lines and drainage facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections and/or water house connections or electricity, gas, or telephone and cable television lines or drainage facilities are installed within the Properties, which connections, lines or facilities, or any portion thereof, lie in or upon lots owned by persons other than the Owner of a lot served by said connections, the Owners of any lots served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the lots or to have utility companies enter upon the lots within the Properties in or

upon which said connection, lines or facilities, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below;

(b) Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone or cable television lines or drainage facilities are installed within the Properties, which connections serve more than one lot, the Owner of each lot served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service his lot;

(c) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide and make an assessment against any or all of the Owners involved, which assessment shall be collected and enforced in the manner provided by this Declaration.

Section 5. Common Area Easements. The Association shall own the Common Area for the use, enjoyment and convenience of the Owners. Each lot within the Properties subject to this Declaration is hereby declared to have an easement over all of the Common Area, for the benefit of the lots, the Owners of the lots, and each of them, and for their respective families, guests, invitees, tenants and contract purchasers, for all of the purposes and uses hereinabove set forth, and without limiting the generality of the foregoing, for ingress and egress over and through the Common Area.

Section 6. Party Walls and Fences. Those Owners who have a common wall or fence adjoining their lots and such a wall or fence dividing the lots upon which their homes are constructed, shall equally have the right to the use of such wall or fence except that each shall have the exclusive right to the use of the interior surface of the wall or fence on his side. Neither Owner shall use any portion of the wall or fence so as to interfere with the use and enjoyment of the other Owner. In the event that any portion of such wall or fence, except the interior surface of one side, is damaged or injured from any cause, other than the act or negligence of either party, it shall be repaired or rebuilt at their joint expense.

Section 7. Slope and Irrigation Easements. There is hereby created for the benefit of the Association easements over the Slope Areas of the Properties as depicted on Exhibit "A" hereto for slope maintenance purposes and for purposes of access to the Slope Areas and for the maintenance of drainage and irrigation facilities and systems as required by the terms of this Declaration. Each Owner of a lot agrees for himself, his assigns or successors in interest that he will permit free access by the Association and by Owners of adjacent or adjoining lots to Slope Areas or drainage ways located on his lot which affect said adjacent or adjoining lot, when such access is essential for the maintenance of the Slope Areas.

Section 8. Creation of Easements. Each of the easements provided for in this Declaration shall be deemed to be established upon the recordation of this Declaration, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the lots superior to all other encumbrances applied against or in favor of any portion of the Properties which is the subject of this Declaration. In furtherance of the easements provided for in this Declaration the individual grant deeds to lots may, but shall not be required to, set forth said easements.

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner or the successor in interest of an Owner, shall have the right to enforce by proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of any such restrictions, conditions, covenants or reservations and the right to recover damages or other dues for such violation; provided, however, that with respect to assessment liens, the Association shall have the exclusive right to the enforcement thereof. Failure by the Association or by any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Should any of the covenants contained in this Declaration be void or be or become unforceable in law or in equity, the remaining portions of this Declaration shall, nevertheless, be and remain in full force and effect.

Section 3. Term. Subject to the limitations set forth in Section 4 of this Article, this Declaration and the covenants herein contained shall be in effect until December 31, 2040, and shall automatically be extended for successive periods of ten (10) years unless within six (6) months prior to the expiration of the initial term or any ten (10) year renewal period a written agreement executed by the then record Owners of more than three-fourths (3/4) of the lots within the Properties shall be placed on record in the Office of the County Recorder of

the County of San Diego by the terms of which agreement the effectiveness of this Declaration is terminated or the covenants herein contained are extinguished in whole or in part as to all or any part of the property then subject thereto.

Section 4. Amendments. Subject to the rights of lenders as set forth in the Article of this Declaration entitled "RIGHTS OF LENDERS," this Declaration of Covenants, Conditions and Restrictions may be amended only by the affirmative assent or vote of both (i) seventy-five percent (75%) of the voting power of the Association, including the voting power of the Declarant, and (ii) seventy-five percent (75%) of the voting power of Members other than Declarant; provided, however, that the percentage of voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause; provided further, that if the two-class voting structure as provided in this Declaration is still in effect, this Declaration may not be amended without the vote or written assent of seventy-five percent (75%) of the voting power of each class of Members. This amendment provision shall not be amended to allow amendments by the assent or vote of less than the prescribed percentage of voting power required for amendments hereof. An amendment or modification shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as hereinabove provided, and recorded in the Official Records of San Diego County, California.

Section 5. Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, any other committees of the Association or any

member of such Board or committee shall be liable to any Member of the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 6. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community or tract and for the maintenance of the Common Area. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 7. Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 8. Nuisance. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Architectural Committee, the Association, or any other land owner in the Properties. Such remedy shall be deemed cumulative and not exclusive.

Section 9. Conflicts. In case of any conflict between this Declaration and the Articles of Incorporation or By-Laws of the Association, this Declaration shall control.

Section 10. Attorneys' Fees. In the event of any controversy or claim respecting this Declaration, or in connection with the enforcement of this Declaration, the prevailing parties shall be entitled, in addition to all expenses, costs and damages, to reasonable attorneys' fees, whether or not such controversy or claim is litigated and prosecuted to judgment.

Section 11. The Declaration. By acceptance of a deed or by acquiring any ownership interest in any of the real property included within this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the real property covered hereby, and hereby evidences his intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully

understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

IN WITNESS WHEREOF, the undersigned, being the Declarant, herein, has hereto set its hand and seal this 51st day of July, 1980.

SCRIPPS RANCH ASSOCIATES,
a Joint Venture

By: WARMINGTON ENTITIES,
a General Partnership,
a Partner

By: WARMINGTON CONSTRUCTION, INC.
a California corporation,
a Partner

By: William S. Kreisler
William S. Kreisler,
Vice President

EXHIBIT "C"

LEGAL SCRIPPS RANCH

PARCEL A:

Lots 1 to 55, inclusive, and Lot 58 of THE WOODS AT SCRIPPS RANCH UNIT NO. 1, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 9466, filed in the office of the County Recorder of San Diego County November 21, 1979 as File No. 79-492860 Official Records.

PARCEL B:

Lots 59 through 99 of THE WOODS AT SCRIPPS RANCH UNIT NO. 2, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 9467, filed in the Office of the County Recorder of San Diego County November 21, 1979 as File No. 79-492861 Official Records.

PARCEL C:

Lots 11 to 162 inclusive, of THE WOODS AT SCRIPPS RANCH UNIT NO. 3, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 9697 recorded in the office of the County Recorder for San Diego County July 1, 1980.

EXHIBIT "C"

LEGAL DESCRIPTION

ORDER NO.

Parcel D

Those portions of Section 34 and 35, Township 14 South, Range 2 West, San Bernardino Base and Meridian, in the City of San Diego, County of San Diego, State of California, according to United States Government Survey, being more particularly described as follows:

Beginning at the most Westerly corner of THE WOODS AT SCRIPPS RANCH UNIT NO. 2, according to Map thereof No. 9467, filed in the Office of the County Recorder of San Diego County, November 21, 1979, also being the most Southerly, Southeasterly corner of The Woods at Scripps Ranch Unit No. 1, according to Map thereof No. 9466, filed in the Office of the County Recorder of San Diego County, November 21, 1979, said point being on the arc of a 1030.00 foot radius curve concave Northerly, a radial line bears South 31°07'03" West to said point; thence along the boundary of said The Woods at Scripps Ranch Unit No. 2, Southeasterly and Easterly along the arc of said curve through a central angle of 21°15'36" a distance of 382.19 feet; thence non-tangent to said curve, South 26°41'03" West 208.19 feet; thence South 15°06'44" East 201.94 feet; thence South 33°35'00" East 100.00 feet to a point on the arc of a non-tangent 330.00 foot radius curve concave Southeasterly, a radial line bears North 33°35'00" West to said point; thence Southwesterly along the arc of said curve through a central angle of 20°29'38" a distance of 118.04 feet; thence radially to said curve, South 54°04'38" East 60.00 feet to a point on the arc of a non-tangent 20.00 foot radius curve concave Southerly; thence Northeasterly, Easterly and Southeasterly along the arc of said curve through a central angle of 96°43'52" a distance of 33.77 feet to the beginning of a reverse 178.00 foot radius curve concave Northeasterly; thence Southeasterly and Easterly along the arc of said curve through a central angle of 32°09'39" a distance of 99.91 feet; thence leaving said boundary and along the prolongation of a radial line of said curve, South 10°29'35" West 102.62 feet; thence South 2°30'00" West 46.14 feet; thence North 87°30'00" West 150.00 feet; thence South 2°30'00" West 30.00 feet; thence South 87°30'00" East 150.00 feet; thence South 2°30'00" West 275.00 feet; thence North 87°30'00" West 150.00 feet; thence South 2°30'00" West 25.00 feet; thence South 87°30'00" East 150.00 feet; thence South 2°40'56" West 58.34 feet; thence South 8°39'01" West 76.28 feet; thence South 17°45'56" West 76.28 feet; thence South 26°52'51" West 76.28 feet; thence South 46°51'27" West 70.14 feet; thence North 61°19'16" West 140.00 feet to a point on the arc of a non-tangent 330.00 foot radius curve concave Northwesterly; thence Southwesterly along the arc of said curve through a central angle of 6°37'23" a distance of 38.15 feet; thence tangent to said curve, South 51°05'00" West 4.30 feet to an intersection with the Southwesterly boundary of Parcel 3 as described in deed to Scripps Ranch Associates, et al, recorded November 27, 1979 as File No. 79-496330 of Official Records; thence along the boundary of said Parcel 3 North 61°19'16" West 469.42 feet; thence South 60°29'19" West 800.00 feet; thence North 57°46'03" West 1031.04 feet; thence leaving said boundary, North 33°15'00" East 240.05 feet; thence South 56°45'00" East 38.00 feet; thence North 33°15'00" East 256.00 feet;

LEGAL DESCRIPTION
ORDER NO. 816010-6
PAGE TWO

EXHIBIT "C"

thence North $85^{\circ}20'53''$ East 121.92 feet; thence North $48^{\circ}00'00''$ East 763.89 feet; thence North $51^{\circ}27'43''$ East 67.53 feet; thence North $64^{\circ}30'00''$ East 697.92 feet to a point on the arc of a non-tangent 1030.00 foot radius curve concave Northeasterly, a radial line bears South $42^{\circ}35'53''$ West to said point, said curve also being the Southwesterly boundary of said The Woods at Scripps Ranch Unit No. 1; thence along said boundary, Southeasterly along the arc of said curve through a central angle of $11^{\circ}28'50''$ a distance of 206.38 feet to the Point of Beginning.

EXHIBIT "C"

LEGAL DESCRIPTION
ORDER NO.

PARCEL E

All that portion of Section 35, Township 14 South, Range 2 West, San Bernardino Meridian, according to Official Plat thereof, in the City of San Diego, County of San Diego, State of California described as follows:

Beginning at the most Easterly corner of The Woods at Scripps Ranch Unit No. 2, Map thereof No. 9467 on file in the office of the County Recorder of said County; thence along the boundary of said Map No. 9467 South 46°29'19" West 450.00 feet to the TRUE POINT OF BEGINNING; thence leaving said boundary South 05°00'41" East 600.00 feet; thence North 68°59'19" East 400.00 feet; thence South 40°30'41" East 450.00 feet; thence South 17°59'19" West 400.00 feet; thence South 20°30'41" East 350.00 feet; thence South 63°59'19" West 450.00 feet; thence North 61°19'16" West 1366.67 feet; thence North 51°05'00" East 4.30 feet to the beginning of a tangent 330.00 foot radius curve concave Northwesterly; thence Northeasterly along said curve through a central angle of 06°37'23" an arc distance of 38.15 feet; thence along a nontangent line South 61°19'16" East 140.00 feet; thence North 46°51'27" East 70.14 feet; thence North 26°52'51" East 76.28 feet; thence North 17°45'46" East 76.28 feet; thence North 08°39'01" East 76.28 feet; thence North 02°40'56" East 58.34 feet; thence North 87°30'00" West 150.00 feet; thence North 02°30'00" East 25.00 feet; thence South 87°30'00" East 150.00 feet; thence North 02°30'00" East 275.00 feet; thence North 87°30'00" West 150.00 feet; thence North 02°30'00" East 30.00 feet; thence South 87°30'00" East 150.00 feet; thence North 02°30'00" East 46.14 feet; thence North 10°29'35" East 102.62 feet to a point in the Southerly right-of-way of Walnutdale Street as shown on said Map No. 9467, being also a point in a nontangent 178.00 foot radius curve concave Northerly; a radial line to said point bears South 10°29'35" West; thence along said right-of-way and curve, and along the boundary of said Map No. 9467 the following courses:

1. Easterly through a central angle of 16°49'35" an arc distance of 52.28 feet.
2. North 83°40'00" East 69.00 feet
3. Southerly along a 20.00 foot radius curve concave Southwesterly through a central angle of 90°00'00" an arc distance of 31.42 feet
4. North 83°40'00" East 56.00 feet
5. Northeasterly along a 20.00 foot radius curve concave Southeasterly through a central angle of 90°00'00" an arc distance of 31.42 feet.
6. Southeasterly along a 172.00 foot radius curve concave Southwesterly through a central angle of 42°50'00" an arc distance of 128.58 feet

EXHIBIT "C"

LEGAL DESCRIPTION CONTINUED
PAGE TWO
ORDER NO. 816061-6

7. North 36°30'00" East 56.00 feet
8. North 04°53'41" East 187.68 feet
9. North 24°00'00" West 20.00 feet
10. Northerly along a 45.00 foot radius curve through a central angle of 68°56'31" an arc distance of 54.15 feet
11. North 87°03'29" East 168.61 feet to the TRUE POINT OF BEGINNING.

Containing 33.467 acres.

EXCEPTING FROM PARCELS A, B, C, D and E the following:
Lots 1 to 55 and Lot 58 of The Woods at Scripps Ranch,
Unit No. 1, Map No. 9466, File No. 79-492860, Official
Records of San Diego County.

2255

84-388312

9/19/84

RECORDED IN
OFFICIAL RECORDS
OF SAN DIEGO COUNTY, CA.

1984 OCT 12 PM 3:50

VERA L. LEE
COUNTY RECORDER

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

KINDEL & ANDERSON (DGT)
4000 MacArthur Boulevard
Suite 1000
Newport Beach, CA 92660

RF 6.00
MG 1.00

856007-6

SUPPLEMENTARY DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS AND
DECLARATION OF ANNEXATION FOR
THE WOODS AT SCRIPPS RANCH UNIT NO. 4

THIS SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS AND DECLARATION OF ANNEXATION FOR THE WOODS AT
SCRIPPS RANCH UNIT NO. 4 ("Supplementary Declaration") is made
this 3rd day of OCTOBER, 1984, by MERCURY SAVINGS AND
LOAN ASSOCIATION, a California corporation, (the "Declarant"),
with reference to the following facts and circumstances.

R E C I T A L S

A. Declarant's predecessor-in-interest executed a
Declaration of Covenants, Conditions and Restrictions which was
recorded August 7, 1980 as Instrument No. 80-250285 and re-
recorded August 19, 1980 as Instrument No. 80-264873, in the
Official Records of San Diego County, California (the
"Declaration"), covering real property in the City of San Diego,
County of San Diego, State of California, described as Lots 1 to
55, and Lot 58 of The Woods at Scripps Ranch Unit No. 1, Map No.
9466, File No. 79-492860, Records of San Diego County, California
(the "Project").

B. The Declaration in the Article entitled "Annexation" provides that Declarant may annex additional property as described in the Declaration to the Project and thereby make such additional property subject to the Declaration and subject to the jurisdiction of the Association as defined in the Declaration;

C. Declarant is the owner of the real property in the County of San Diego, State of California, described as Lots 185 through 189 and 209 through 219 of The Woods at Scripps Ranch Unit No. 4, Map No. 9946 Records of San Diego County, California, (the "Annexed Property") which property is a portion of the property described in Exhibit "C" to the Declaration. Declarant now desires to annex the Annexed Property to the Project and thereby make these lots subject to the terms, conditions and restrictions as set forth in the Declaration.

NOW, THEREFORE, Declarant hereby declares as follows:

I

ANNEXATION

Section 1. Annexation. Pursuant to the terms of this Declaration, Declarant, as the owner of the Annexed Property, declares that all of these lots shall be annexed to the Project and made a part of the development described as The Woods at Scripps Ranch; provided, however, such annexation shall only be effective on the close of the first escrow within the Annexed Property. Upon the effective date of the annexation, all the real property described as Lots 185 through 189 and 209 through 219 of The Woods at Scripps Ranch Unit No. 4, Map No. 9946, shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions of the Declaration.

Section 2. Deannexation. Declarant may delete all or a portion of the Annexed Property from coverage of this Supplementary Declaration and the jurisdiction of the Association, as long as Declarant is the owner of all of the Annexed Property, and provided that (a) a Notice of Deletion of Territory or Declaration of Deannexation is recorded in the Office of the San Diego County Recorder in the same manner as this Supplementary Declaration was recorded; (b) Declarant has not exercised any Association vote with respect to any portion of the Annexed Property; (c) assessments have not yet commenced with respect to any portion of the Annexed Property; (d) no escrow has closed for the sale of any Lot in any portion of the Annexed Property to the public; and (e) the Association has not made any expenditures or incurred any obligations with respect to the Annexed Property.

II

DEFINITIONS

Lots 185 through 189 and 209 through 219 of The Woods at Scripps Ranch Unit No. 4, Map No. 9946, shall be "Lots" as defined in Article I, Section 10 of the Declaration.

III

ASSESSMENTS

All assessments provided for in the Declaration shall commence as to all Lots covered by this Supplementary Declaration (including assessments on all unsold Lots owned by Declarant) on the first day of the month following the conveyance by Declarant of the first Lot to an individual Owner (or earlier at the discretion of Declarant).

IV

INCORPORATION OF DECLARATION

All the terms, covenants, conditions, restrictions, easements and other provisions of the Declaration are hereby incorporated by reference and shall be as enforceable and effective against the Annexed Property, as though the Declaration had been recorded directly against the Annexed Property.

IN WITNESS WHEREOF, the Declarant has executed this document on the date first above written.

MERCURY SAVINGS AND LOAN ASSOCIATION,
a California corporation

By Edward Span
Its Senior Executive Vice President

By Daniel J. Harwell
Its Asst. Vice President and Asst. Secretary

CAT. NO. NN00737
TO 21948 CA (1-B3)

(Corporation)

 **TICOR TITLE INSURANCE**

STATE OF CALIFORNIA
COUNTY OF Orange } ss.

On October 3, 1984 before me, the undersigned, a Notary Public in and for said State, personally appeared Edward Span personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Senior Exec. Vice President, and Daniel J. Harwell

Assistant Secretary of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Jeanne Rowley



(This area for official notarial seal)

STAPLE HERE

84-388313

2259

RECORDING REQUESTED BY TITLE INSURANCE CO.
9/12/84

RECORDED IN
OFFICIAL RECORDS
OF SAN DIEGO COUNTY, CA

1984 OCT 12 PM 3:50

SEVERAL LISTS
COUNTY CLERK

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

KINDEL & ANDERSON (DGT)
4000 MacArthur Boulevard
Suite 1000
Newport Beach, CA 92660

RF 6.00
MG 1.00

856007-6

SUPPLEMENTARY DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS AND
DECLARATION OF ANNEXATION FOR
THE WOODS AT SCRIPPS RANCH UNIT NO. 5

THIS SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS AND DECLARATION OF ANNEXATION FOR THE WOODS AT
SCRIPPS RANCH UNIT NO. 5 ("Supplementary Declaration") is made
this 3rd day of OCTOBER, 1984, by MERCURY SAVINGS AND
LOAN ASSOCIATION, a California corporation, (the "Declarant"),
with reference to the following facts and circumstances.

R E C I T A L S

A. Declarant's predecessor-in-interest executed a
Declaration of Covenants, Conditions and Restrictions which was
recorded August 7, 1980 as Instrument No. 80-250285 and re-
recorded August 19, 1980 as Instrument No. 80-264873, in the
Official Records of San Diego County, California (the
"Declaration"), covering real property in the City of San Diego,
County of San Diego, State of California, described as Lots 1 to
55, and Lot 58 of The Woods at Scripps Ranch Unit No. 1, Map No.
9466, File No. 79-492860, Records of San Diego County, California
(the "Project").

B. The Declaration in the Article entitled "Annexation" provides that Declarant may annex additional property as described in the Declaration to the Project and thereby make such additional property subject to the Declaration and subject to the jurisdiction of the Association as defined in the Declaration;

C. Declarant is the owner of the real property in the County of San Diego, State of California, described as Lots 252 through 264 and 312 through 323 of The Woods at Scripps Ranch Unit No. 5, Map No. 10092, Records of San Diego County, California, (the "Annexed Property") which property is a portion of the property described in Exhibit "C" to the Declaration. Declarant now desires to annex the Annexed Property to the Project and thereby make these lots subject to the terms, conditions and restrictions as set forth in the Declaration.

NOW, THEREFORE, Declarant hereby declares as follows:

I

ANNEXATION

Section 1. Annexation. Pursuant to the terms of this Declaration, Declarant, as the owner of the Annexed Property, declares that all of these lots shall be annexed to the Project and made a part of the development described as The Woods at Scripps Ranch; provided, however, such annexation shall only be effective on the close of the first escrow within the Annexed Property. Upon the effective date of the annexation, all the real property described as Lots 252 through 264 and 312 through 323 of The Woods at Scripps Ranch Unit No. 5, Map No. 10092, shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions of the Declaration.

Section 2. Deannexation. Declarant may delete all or a portion of the Annexed Property from coverage of this Supplementary Declaration and the jurisdiction of the Association, as long as Declarant is the owner of all of the Annexed Property, and provided that (a) a Notice of Deletion of Territory or Declaration of Deannexation is recorded in the Office of the San Diego County Recorder in the same manner as this Supplementary Declaration was recorded; (b) Declarant has not exercised any Association vote with respect to any portion of the Annexed Property; (c) assessments have not yet commenced with respect to any portion of the Annexed Property; (d) no escrow has closed for the sale of any Lot in any portion of the Annexed Property to the public; and (e) the Association has not made any expenditures or incurred any obligations with respect to the Annexed Property.

II

DEFINITIONS

Lots 252 through 264 and 312 through 323 of The Woods at Scripps Ranch Unit No. 5, Map No. 10092, shall be "Lots" as defined in Article I, Section 10 of the Declaration.

III

ASSESSMENTS

All assessments provided for in the Declaration shall commence as to all Lots covered by this Supplementary Declaration (including assessments on all unsold Lots owned by Declarant) on the first day of the month following the conveyance by Declarant of the first Lot to an individual Owner (or earlier at the discretion of Declarant).

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

KINDEL & ANDERSON (DGT)
4000 MacArthur Boulevard
Suite 1000 - East Tower
Newport Beach, California 92660

(ABOVE SPACE FOR RECORDER'S USE ONLY)

CERTIFICATE OF FIRST AMENDMENT OF
DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE WOODS AT SCRIPPS RANCH
(WHISPERING RIDGE HOMEOWNERS ASSOCIATION)

_____ and _____ certify:

1. That they are the President and Secretary, respectively, of WHISPERING RIDGE HOMEOWNERS ASSOCIATION, a California nonprofit corporation (the "Association");

2. That, pursuant to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for The Woods at Scripps Ranch (hereinafter referred to as the "Declaration"), which instrument was recorded August 7, 1980 as Instrument No. 80-250285 and re-recorded August 19, 1980 as Instrument No. 80-264873 in the Office of the County Recorder of San Diego County, California, covering that certain real property in the County of San Diego, State of California more particularly described as Lots 1 to 55 and 58 of The Woods at Scripps Ranch, Unit No. 1, Map No. 9466, File No. 79-492860, Official Records of San Diego County, California, and pursuant to a vote of the Members (as that term is defined in the Declaration) of the Association, the following preambles and resolution were adopted:

WHEREAS, Scripps Ranch Associates, a joint venture (hereinafter referred to as Declarant) executed that certain Declaration of Covenants, Conditions and Restrictions for The Woods at Scripps Ranch (hereinafter referred to as the "Declaration"), which instrument was recorded on August 7, 1980 as Instrument No. 80-250285 and re-recorded on August 19, 1980 as Instrument No. 80-264873 in the Office of the County Recorder of San Diego County, California, covering that certain real

property in the County of San Diego, State of California, more particularly described as Lots 1 to 55 and Lot 58 of The Woods at Scripps Ranch, Unit No. 1, Map No. 9466, File No. 79-492860, Official Records of San Diego County ("the Properties");

WHEREAS, the Owners, as that term is defined in the Declaration, desire to amend the Declaration in accordance with Section 4 of Article XVI.

NOW, THEREFORE, BE IT RESOLVED that the Declaration be, and it hereby is, amended in the following respects:

1. Paragraph A, Page 1 of the Declaration is hereby amended to read in its entirety as follows:

"A. Declarant is the owner of certain real property in the City of San Diego, County of San Diego, State of California, described as Lots 1 through 7, 14 through 55 and 58 of The Woods at Scripps Ranch, Unit No. 1, Map No. 9466, File No. 79-492860, Official Records of San Diego County, California (the "Properties").

2. Article I, Section 14 of the Declaration is hereby amended to read in its entirety as follows:

"Section 14. Properties. The term "Properties" as used herein shall mean and refer to that certain real property in the City of San Diego, County of San Diego, State of California, described as Lots 1 through 7, 14 through 55 and 58 of The Woods at Scripps Ranch, Unit No. 1, Map No. 9466, File No. 79-492860 of Official Records of San Diego County, California."

3. Article VI, Section 3(i) of the Declaration is hereby amended to read in its entirety as follows:

"(i) Maintain the open space easement area which is approximately thirty feet (30') in width and which is located on the rear portions of Lots 1 through 7, all as shown and described on the recorded subdivision map of the Properties. The Association shall also have the responsibility to maintain any similar open space easements which are so described on the recorded subdivision map of any property which is annexed to this Declaration pursuant to the Article hereof entitled "Annexation";"

4. Article VI, Section 3(1) of the Declaration is hereby eliminated in its entirety.

5. Article XV, Section 2 of the Declaration is hereby amended to read in its entirety as follows:

"Section 2. Annexation Without Consent. If, at any time within the third anniversary date of the original issuance of the most-recently-issued public report for a phase of the Properties, the Declarant should develop additional lands within the areas described in Exhibit "C" which is attached hereto and by this reference made a part hereof, such additional lands may be annexed to the Properties without the assent of the Class A members and be made subject to the Declaration and thereby become, subject to the jurisdiction of the Association; provided, however, that the development of the additional lands described in this Section shall be in accordance with a general plan set forth in this Article. Detailed plans for the development of additional lands must be submitted to the California Department of Real Estate prior to such development of additional lands. If the California Department of Real Estate determines that such detailed plans are not in accordance with the general plan on file and such agency so advises the Association and the Declarant, the annexation of the additional lands must be in accordance with Section 1 immediately above. A supplementary Declaration of Covenants, Conditions and Restrictions as described hereinafter in Section 3 of this Article, covering the real property or portions thereof described in Exhibit "C" hereto, shall be executed and recorded by the Owner of such property to be annexed. The dwellings to be constructed on any lots to be annexed pursuant to this Article without the consent of the Owners must be of comparable style, quality, size and cost and shall be so constructed so as to have similar styles, floor plans, size and quality of buildings as those buildings which are presently constructed within the Properties."

6. Exhibits "A" and "C" of the Declaration are hereby amended in entirety as shown on those exhibits attached hereto and by this reference made a part hereof."

Except as hereby expressly amended, the Declaration shall remain in full force and effect.

3. That the number of affirmative votes for the adoption of said preambles and resolution consisted of _____ Class A votes and that such number represents more than 75% of the voting power of the Class A Membership, and of _____ Class B votes, and that such number represents more than 75% of the voting power of the Class B Membership.

4. Therefore, in accordance with Article XVI, Section 4, of the Declaration, said Owners of said lots are entitled to adopt and record such amendment.

WHISPERING RIDGE HOMEOWNERS ASSOCIATION

By _____
President

By _____
Secretary

Each of the undersigned hereby declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct.

Executed at _____, California on _____, 1981.

EXHIBIT "A"

REVISED SLOPE MAINTENANCE MAP REFLECTING LOTS CORRESPONDING
TO THE NEW PHASING SCHEDULE.

EXHIBIT "C"

ANNEXABLE TERRITORY

All that land situated in the State of California, County of San Diego, City of San Diego, described as follows:

PARCEL 1:

Lots 8, 9 through 13 of THE WOODS AT SCRIPPS RANCH UNIT NO. 1, accordingly to a Map thereof No. 9466, filed in the Office of the County Recorder of San Diego County, November 21, 1979 as File No. 79-492860.

PARCEL 2:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 2, according to map thereof No. 9467, filed in the office of the San Diego County Recorder November 21, 1979 as File No. 79-492861.

PARCEL 3:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 3, according to a map thereof No. 9697, recorded in the Office of the San Diego County Recorder, July 1, 1980, as File No. 80-20785B.

PARCEL 4:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 4, according to a map thereof No. 9946, recorded in the office of the San Diego County Recorder, _____, as File No. _____.

PARCEL 5:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 5, according to a map thereof No. 10092, recorded in the Office of the San Diego County Recorder, _____, as File No. _____.

DEVELOPER'S SUBSIDY AGREEMENT

THIS DEVELOPER'S SUBSIDY AGREEMENT (the "Agreement") is entered into this ____ day of _____, 1981, by and between SCRIPPS RANCH ASSOCIATES, a joint venture ("Scripps") and WHISPERING RIDGE HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation (the "Association").

R E C I T A L S:

A. Scripps is the owner and developer of certain real property located in the County of San Diego, State of California known as The Woods at Scripps Ranch Unit No. 1 through Unit No. 5. Said real property described herein has been divided into fourteen phases for the purposes of development and sales pursuant to the regulation of the California Department of Real Estate, herein collectively called the "Project".

B. For the purpose of reference of residential lots in this Agreement hereinafter, the following shall apply:

"Phase 1": Lots 1 through 7, 14 through 54, The Woods at Scripps
Unit No. 1

"Phase 2": Lots 59 through 83, The Woods at Scripps Unit No. 2

"Phase 3": Lots 129 and 151 through 160, The Woods at Scripps
Unit No. 3

"Phase 4": Lots 130 through 150, of The Woods at Scripps Unit
No. 3

C. In order to provide for a cost effective maintenance and operation program and to provide for more equitable assessments for lot owners during the early stages of the Project, Scripps and the Association desire to enter into this Agreement, whereby Scripps will be directly responsible for the performance of

certain maintenance and operation functions, at its cost, during the period of time set forth hereinbelow.

D. Scripps's assumption of said operation and maintenance responsibilities will result in a substantial cost reduction to the Association. Accordingly, it is the intent of the Parties that the Association budget be reduced in an amount equal to the cost of the maintenance and operation responsibilities to be assumed by Scripps.

E. Section 2792.10 of the Regulations of the California Department of Real Estate ("DRE") imposes certain requirements on Scripps in connection with this Agreement to partially subsidize the project by assuming said maintenance and operation responsibilities for the period of this Agreement.

F. It is the desire of the parties hereto to enter into this Agreement for the purpose of defining the respective financial obligations with respect to the operation and maintenance of the common area of the project in accordance with the DRE regulations.

NOW, THEREFORE, in view of the foregoing and in consideration of the promises set forth herein, the parties hereto agree as follows:

1. Developer Subsidy. Beginning on _____, 1982, Scripps shall subsidize the monthly per lot assessment of each lot in Phases 1, 2 & 3 of the Project by performing those maintenance and operation responsibilities set forth in Exhibit "A". Said Subsidy shall continue until the first day of the first month after the close of the first escrow in Phase 4, or _____, 1983, whichever is first to occur. Scripps shall diligently perform said maintenance and operation responsibilities in a prompt, efficient and professional manner. The maintenance and operation items set forth in Exhibit "B" shall continue to be the responsibility of the Association and will be reflected in the monthly

per lot assessment charged to lot owners during the term of this Agreement. The items set forth in Exhibits "A" and "B" correspond to the item categories set forth in the proforma Association budget attached hereto as Exhibit "C".

2. Assessments. Assessment attributable to such maintenance and operation responsibilities to be assumed by Scripps for the combined Phases 1, 2 and 3 shall be \$66.70. Accordingly, the monthly Association per lot assessment of \$88.00 as set forth in the Association Budget attached hereto as Exhibit "C" shall be reduced by \$66.70; and all lot owners shall pay, during the period of this Agreement a monthly assessment per lot of \$21.30.

3. Compliance with DRE Regulations. In order to satisfy the requirements of Section 2792.10 of the DRE regulations, Scripps and the Association agree that:

a. Scripps shall provide a bond or other security, in a form and amount satisfactory to the DRE, to secure its obligations hereunder.

4. Deposit of Bond into Escrow; Release of Security. The security device referred to in paragraph 3-a above shall be deposited in a neutral escrow depository acceptable to the DRE along with an executed copy of the herein agreement and instructions to the depository signed by Scripps and on behalf of the Association which shall provide as follows:

a. The bond or security referred to in paragraph 3-a above shall be released and returned to Scripps upon full performance of its duties hereunder, and upon such full performance the Association shall deliver written directions to the escrow depository directing such return.

b. In the event of a dispute between Scripps and the Association regarding the performance of its duties hereunder, the dispute shall, at the request of either party, be submitted to arbitration in accordance with the commercial arbitration rules

RECORDING REQUEST BY AND
WHEN RECORDED RETURN TO:

PALMIERI, TYLER, WIENER,
WILHELM & WALDRON (DGT)
4000 MacArthur Boulevard
Suite 1000 - East Tower
Newport Beach, California 92660

Exact copy of that certain instrument recorded
on 3-1-89 as No. 89-105048 in the
office of the County Recorder of San Diego County.

FIRST AMERICAN TITLE INSURANCE

D. Livingston
By Authorized Signature

(ABOVE SPACE FOR RECORDER'S USE ONLY)

CERTIFICATE OF FIRST AMENDMENT OF
DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE WOODS AT SCRIPPS RANCH
(WHISPERING RIDGE HOMEOWNERS ASSOCIATION)

David Allen Freiwald

and

Philip Robert Gagnon

certify:

1. That they are the President and Secretary, respectively, of WHISPERING RIDGE HOMEOWNERS ASSOCIATION, a California nonprofit corporation (the "Association");
2. That, pursuant to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for The Woods at Scripps Ranch which instrument was recorded August 7, 1980 as Instrument No. 80-250285 and re-recorded August 19, 1980 as Instrument No. 80-264873 in the Office of the County Recorder of San Diego County, California, (hereinafter referred to as the "Declaration"), and those Supplementary Declarations of Covenants, Conditions and Restrictions and Declaration of Annexation for Phases 2 through 13 recorded as Instrument Nos. 80-316471, 80-316472, 83-424696, 84-253035, 84-388313, 84-388312, 85-039910, 85-039911, 85-132192, 85-132193, 85-228213, 85-228214, respectively, (hereinafter collective referred to as the "Annexations") covering a portion of that certain real property (the "Properties") in the County of San Diego, State of California more particularly described in Exhibit "B" attached hereto and made a part hereof, and pursuant to a vote of the Members (as that term is defined in the Declaration) of the Association, the following preambles and resolution were adopted:

WHEREAS, Scripps Ranch Associates, a joint venture and Mercury Savings and Loan Association, a California corporation, as successor in interest to Scripps Ranch Associates, executed and recorded the the Declaration and the Annexations.

WHEREAS, the Owners, as that term is defined in the Declaration, desire to amend the Declaration and the Annexations in accordance with Section 4 of Article XVI of the Declaration.

NOW, THEREFORE, BE IT RESOLVED that the Declaration and the Annexations be, and hereby are, amended in the following respects:

1. Exhibits "A" entitled "Slope Areas" of the Declaration and the Annexations shall be amended in entirety with that certain Exhibit

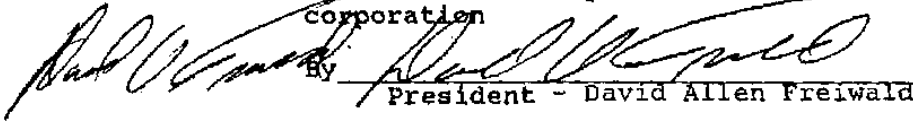
...hereby and by this reference made
a part hereof which shall be inserted in their
stead.

Except as hereby expressly amended, the Declaration
and Annexations shall remain in full force and effect.

3. That the number of affirmative votes for the
adoption of said preambles and resolution consisted of 253
Class A votes and that such number represents more than 75%
of the voting power of the Class A Membership, and that Class
B Membership is no longer in effect.

4. Therefore, in accordance with Article XVI,
Section 4, of the Declaration, said Owners of said lots are
entitled to adopt and record such amendment.

WHISPERING RIDGE HOMEOWNERS ASSOCIATION,
a California non-profit mutual benefit
corporation


By David Allen Freiwald
President - David Allen Freiwald


By Philip Robert Gagnon
Secretary - Philip Robert Gagnon

Each of the undersigned hereby declares under
penalty of perjury that the matters set forth in the
foregoing Certificate are true and correct.

Executed at 9910 Minn Mesa Blvd, San
Diego, California on August 22, 1988,
1988.

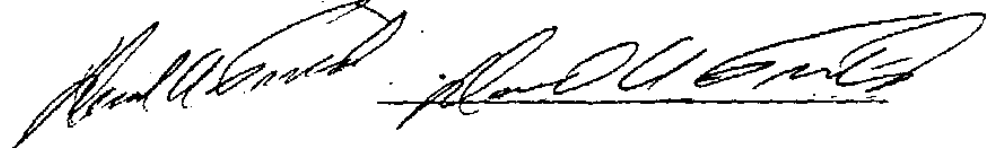
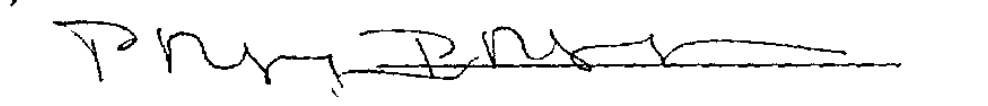
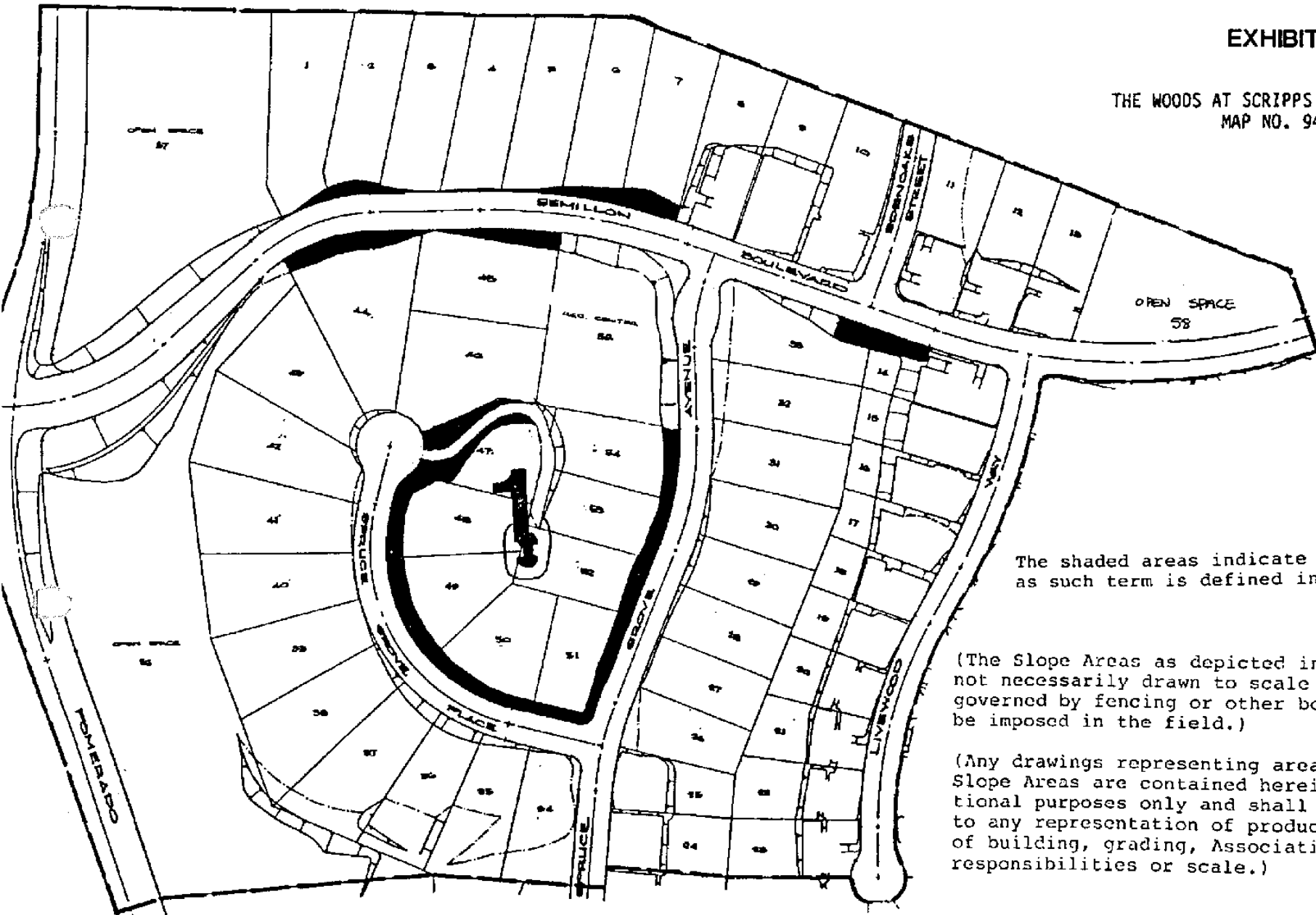



EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT #1
MAP NO. 9466



The shaded areas indicate "Slope Areas" as such term is defined in the Declaration.

(The Slope Areas as depicted in this Exhibit are not necessarily drawn to scale and shall be governed by fencing or other boundaries as may be imposed in the field.)

(Any drawings representing areas other than Slope Areas are contained herein for informational purposes only and shall not be binding as to any representation of product type, location of building, grading, Association maintenance responsibilities or scale.)

EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT #2
MAP NO. 9467

The shaded areas indicate "Slope Areas"
as such term is defined in the Declaration.

(The Slope Areas as depicted in this Exhibit are not necessarily drawn to scale and shall be governed by fencing or other boundaries as may be imposed in the field.)

(Any drawings representing areas other than Slope Areas are contained herein for informational purposes only and shall not be binding as to any representation of product type, location of building, grading, Association maintenance responsibilities or scale.)

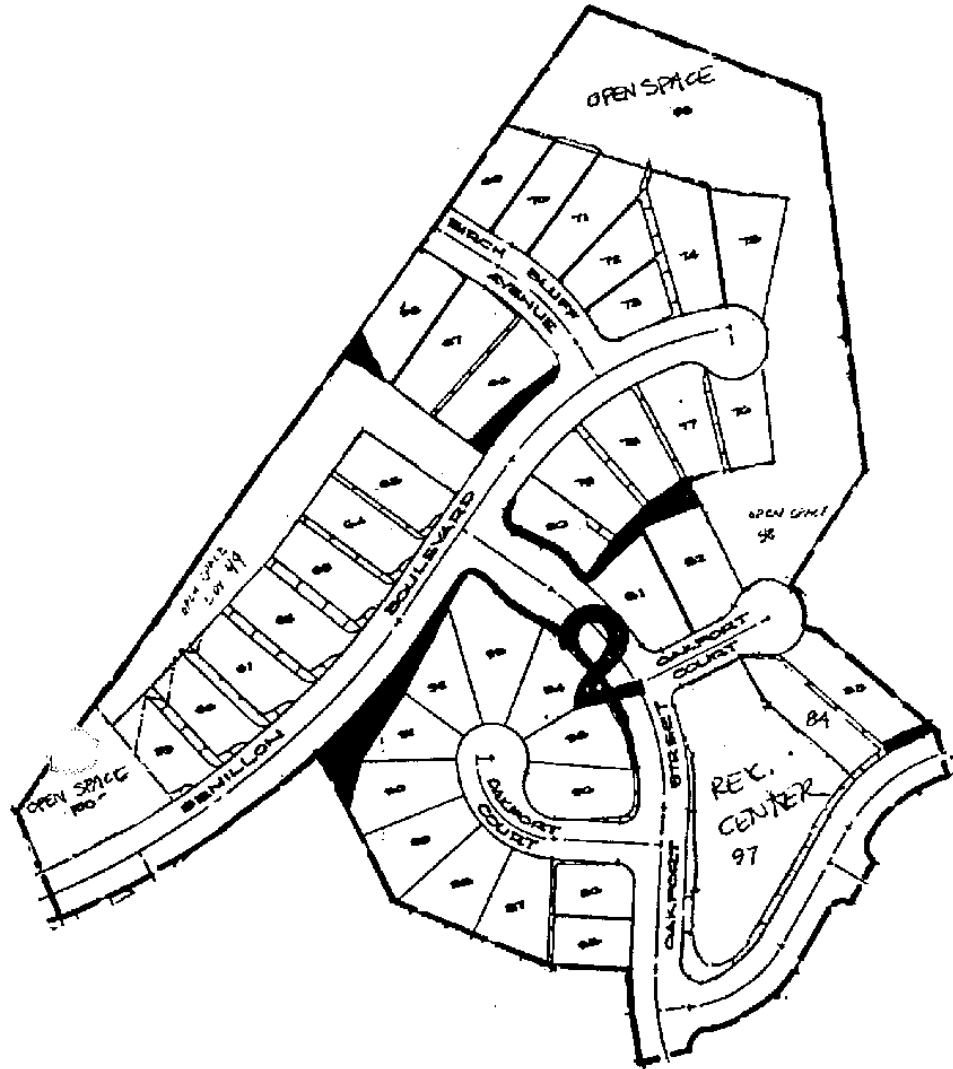
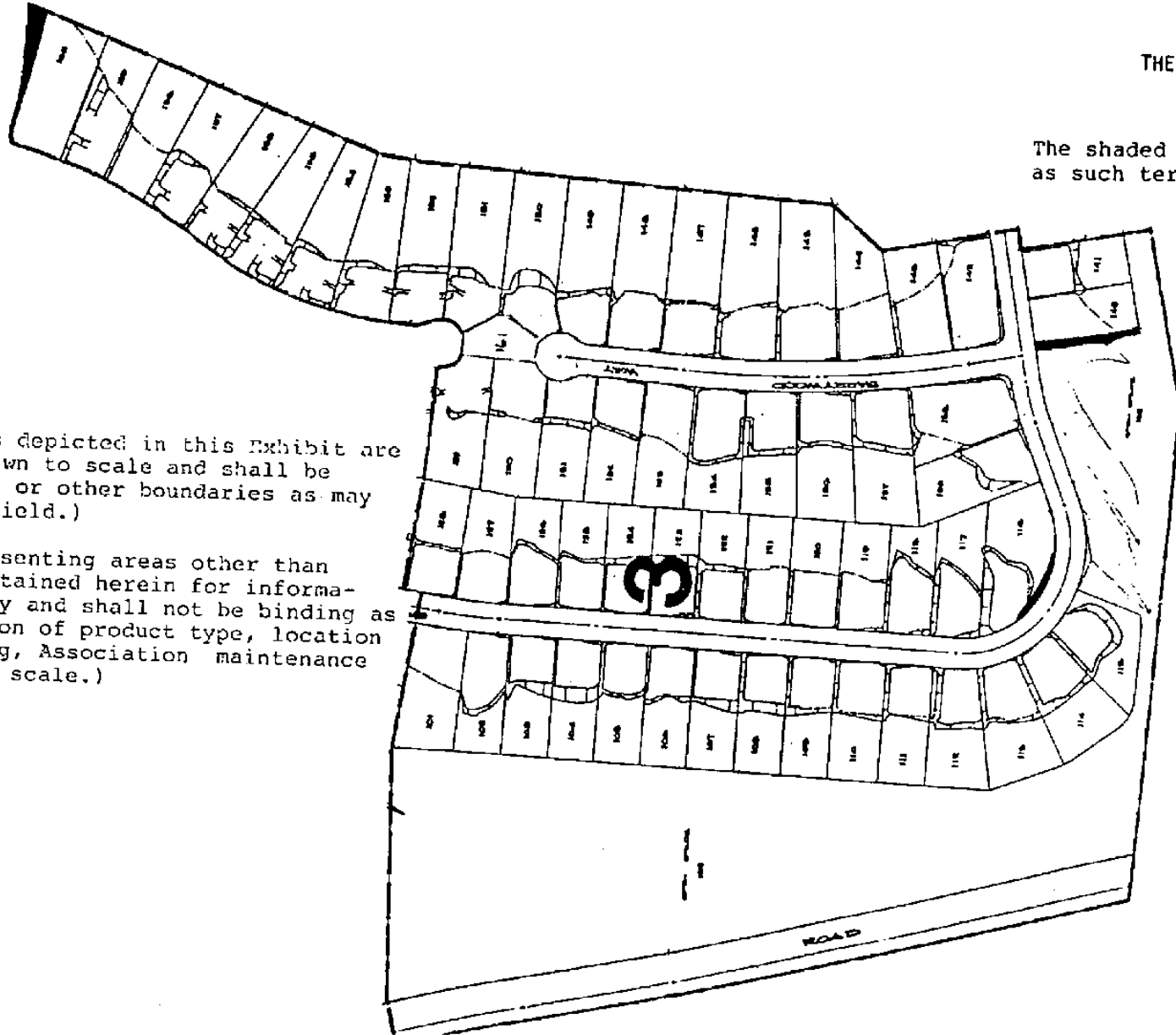


EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT #3
MAP NO. 9697

The shaded areas indicate "Slope Areas",
as such term is defined in the Declarati



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necessarily drawn to scale and shall be
defined by fencing or other boundaries as may
be proposed in the field.)

Drawings representing areas other than
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EXHIBIT "A"

**THE WOODS AT SCRIPPS RANCH UNIT #4
MAP NO. 9946**

The shaded areas indicate "Slope Areas"
as such term is defined in the Declaration.

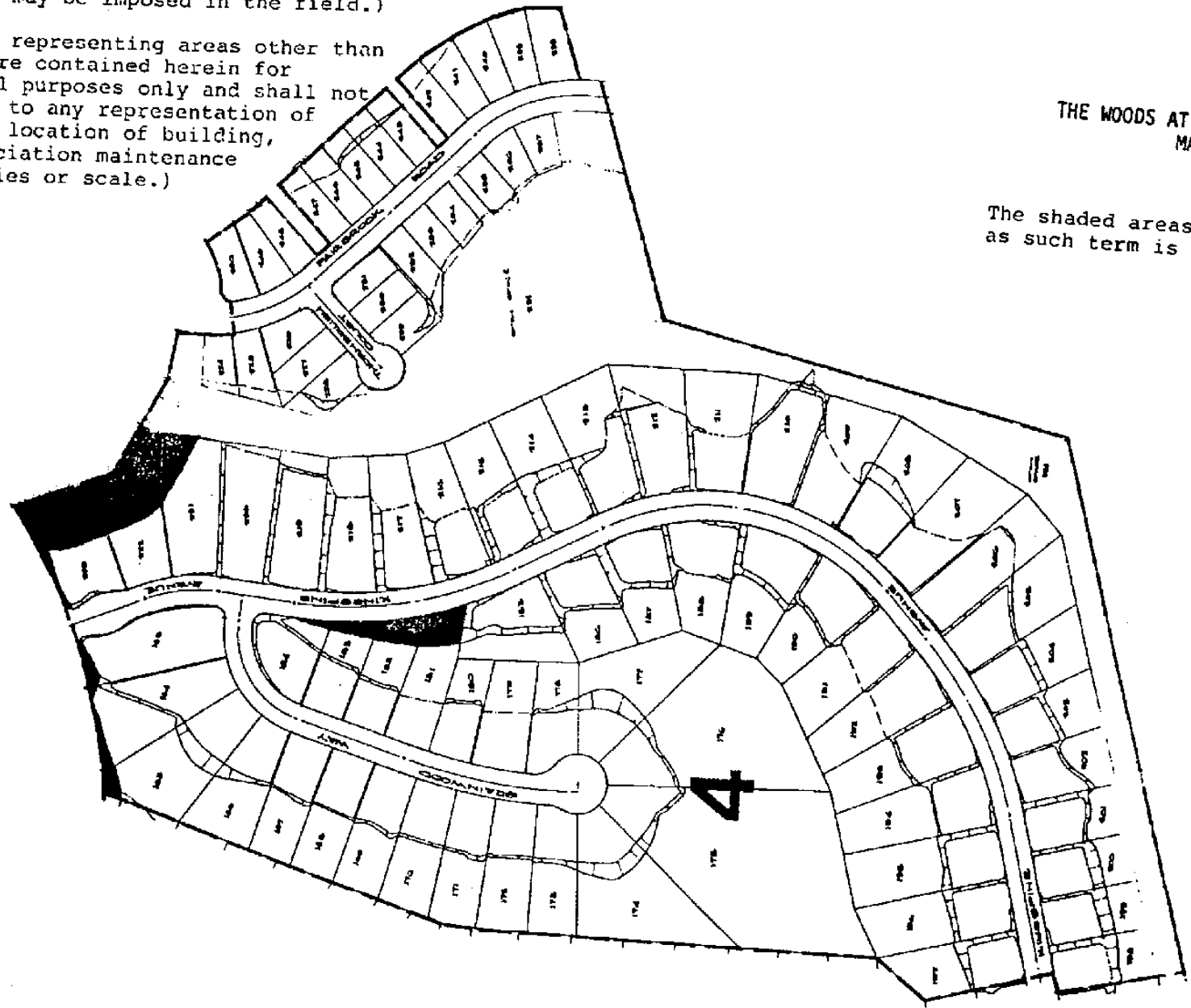


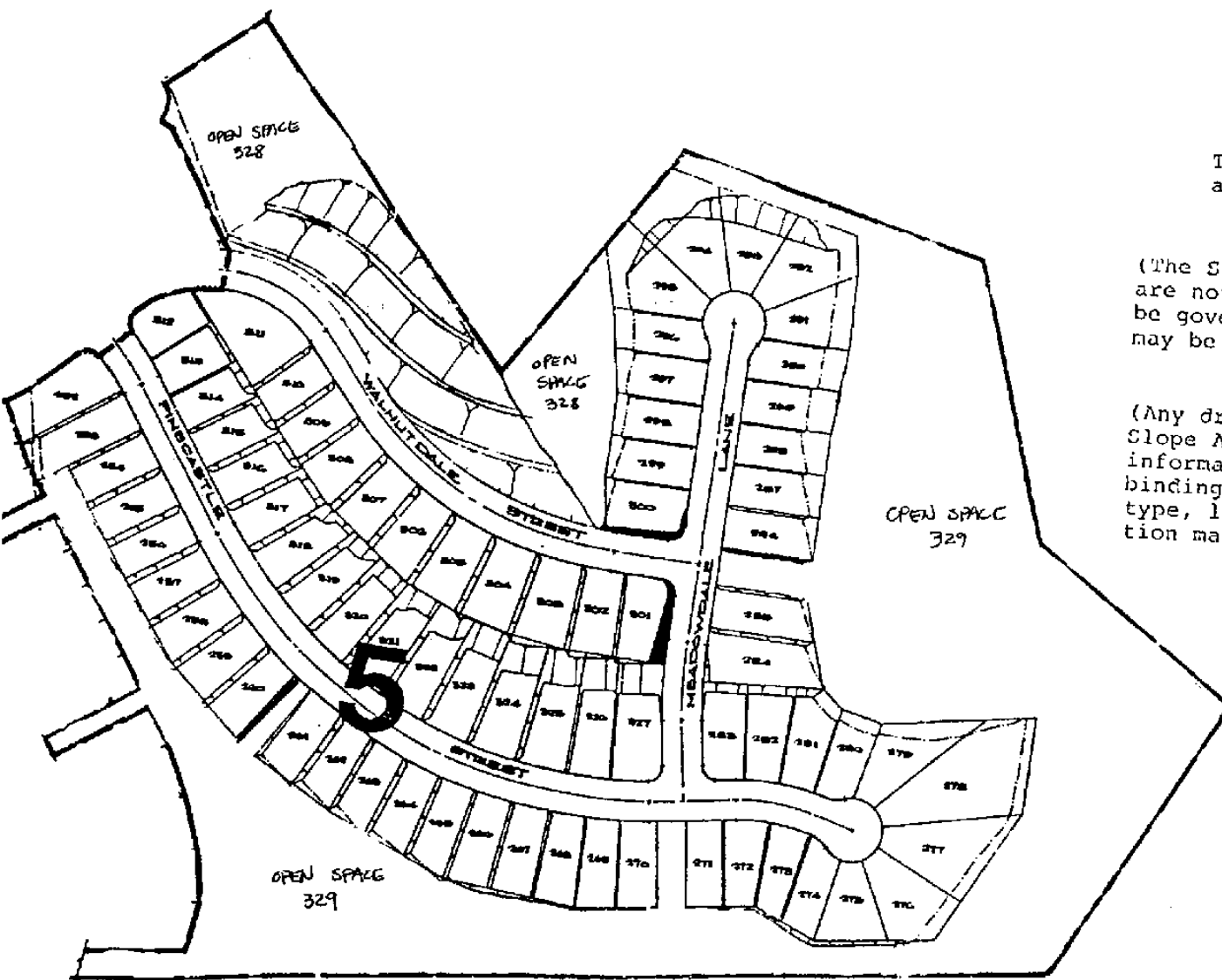
EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT # 5
MAP NO. 10092

The shaded areas indicate "Slope Areas"
as such term is defined in the Declaration.

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(Any drawings representing areas other than
Slope Areas are contained herein for
informational purposes only and shall not be
binding as to any representation of product
type, location of building, grading, Associa-
tion maintenance responsibilities or scale.)



RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

100 MAR -1 PM 12:07

VERA L L S
COUNTY RECORDER

PALMIERI, TYLER, WIENER,
WILHELM & WALDRON (DGT)
4000 MacArthur Boulevard
Suite 1000 - East Tower
Newport Beach, California 92660

RF	11
AR	9
MG	1

(ABOVE SPACE FOR RECORDER'S USE ONLY)

CERTIFICATE OF FIRST AMENDMENT OF
DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE WOODS AT SCRIPPS RANCH
(WHISPERING RIDGE HOMEOWNERS ASSOCIATION)

David Allen Freiwald and
Philip Robert Gagnon certify:

1. That they are the President and Secretary, respectively, of WHISPERING RIDGE HOMEOWNERS ASSOCIATION, a California nonprofit corporation (the "Association");
2. That, pursuant to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for The Woods at Scripps Ranch which instrument was recorded August 7, 1980 as Instrument No. 80-250285 and re-recorded August 19, 1980 as Instrument No. 80-264873 in the Office of the County Recorder of San Diego County, California, (hereinafter referred to as the "Declaration"), and those Supplementary Declarations of Covenants, Conditions and Restrictions and Declaration of Annexation for Phases 2 through 13 recorded as Instrument Nos. 80-316471, 80-316472, 83-424696, 84-253035, 84-388313, 84-388312, 85-039910, 85-039911, 85-132192, 85-132193, 85-228213, 85-228214, respectively, (hereinafter collective referred to as the "Annexations") covering a portion of that certain real property (the "Properties") in the County of San Diego, State of California more particularly described in Exhibit "B" attached hereto and made a part hereof, and pursuant to a vote of the Members (as that term is defined in the Declaration) of the Association, the following preambles and resolution were adopted:

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WHEREAS, the Owners, as that term is defined in the Declaration, desire to amend the Declaration and the Annexations in accordance with Section 4 of Article XVI of the Declaration.

NOW, THEREFORE, BE IT RESOLVED that the Declaration and the Annexations be, and hereby are, amended in the following respects:

1. Exhibits "A" entitled "Slope Areas" of the Declaration and the Annexations shall be amended in entirety with that certain Exhibit

EXHIBIT "B"

All that land situated in the City of San Diego, State of California, County of San Diego, City of San Diego, described as follows:

PARCEL 1:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 1, according to map thereof No. 9466, filed in the Office of the County Recorder of San Diego County.

PARCEL 2:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 2, according to map thereof No. 9467, filed in the office of the San Diego County Recorder.

PARCEL 3:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 3, according to map thereof No. 9697, recorded in the Office of the San Diego County Recorder.

PARCEL 4:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 4, according to map thereof No. 9946, recorded in the office of the San Diego County Recorder.

PARCEL 5:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 5, according to map thereof No. 10092, recorded in the Office of the San Diego County Recorder.

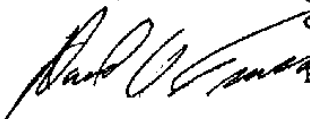
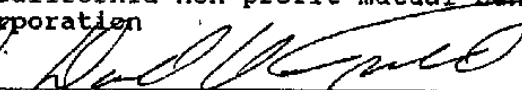
a part hereof which shall be inserted in their
stead.

Except as hereby expressly amended, the Declaration
and Annexations shall remain in full force and effect.

3. That the number of affirmative votes for the
adoption of said preambles and resolution consisted of 253
Class A votes and that such number represents more than 75%
of the voting power of the Class A Membership, and that Class
B Membership is no longer in effect.

4. Therefore, in accordance with Article XVI,
Section 4, of the Declaration, said Owners of said lots are
entitled to adopt and record such amendment.

WHISPERING RIDGE HOMEOWNERS ASSOCIATION,
a California non-profit mutual benefit
Corporation

 By 
President - David Allen Freiwald

 By 
Secretary - Phillip Robert Gagnon

Each of the undersigned hereby declares under
penalty of perjury that the matters set forth in the
foregoing Certificate are true and correct.

Executed at 9910 Mira Mesa Blvd., San
Diego, California on AUGUST 27, 1988,
1988.


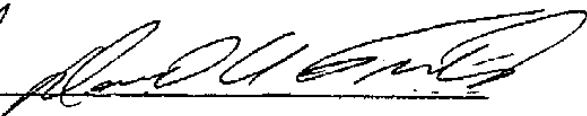
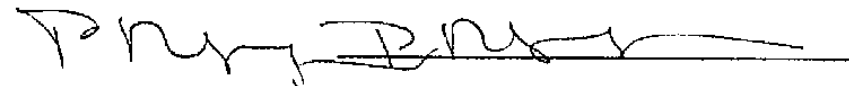
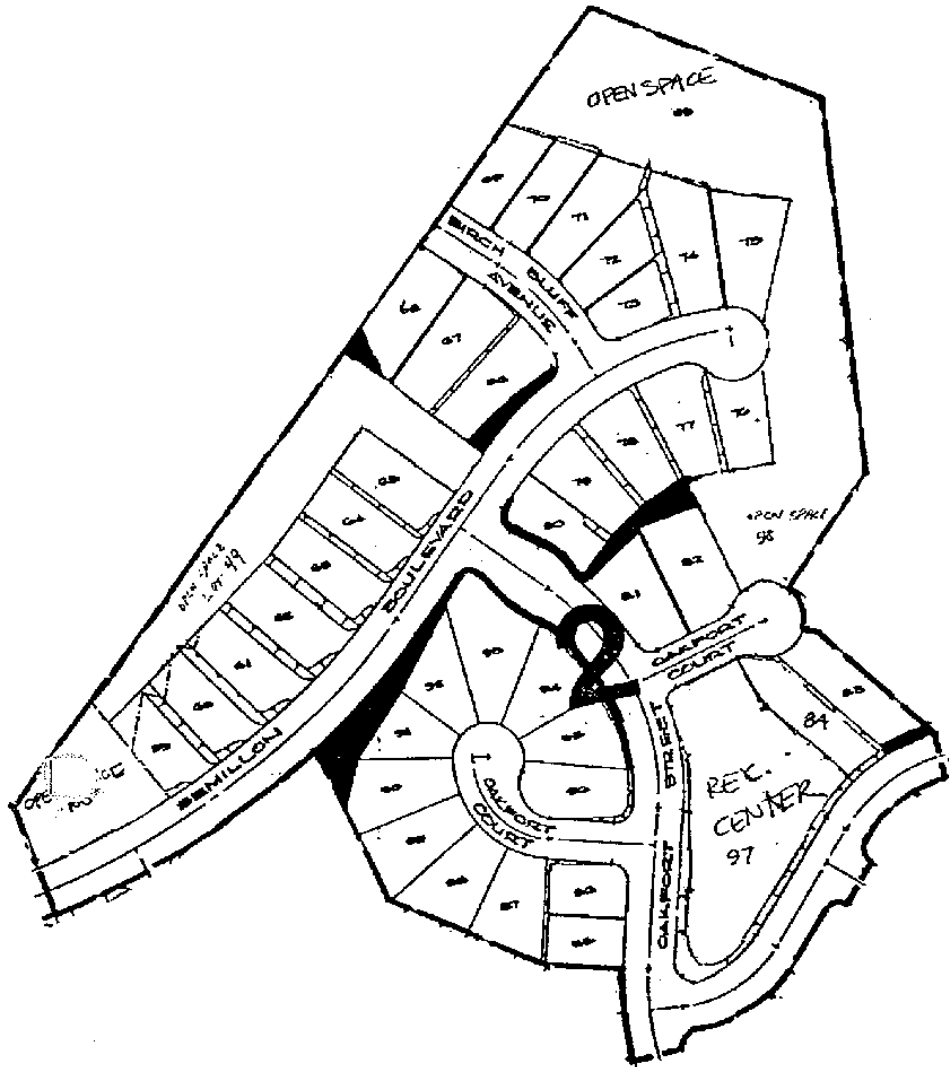
 


EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT #2
MAP NO. 9467



The shaded areas indicate "Slope Areas" as such term is defined in the Declaration.

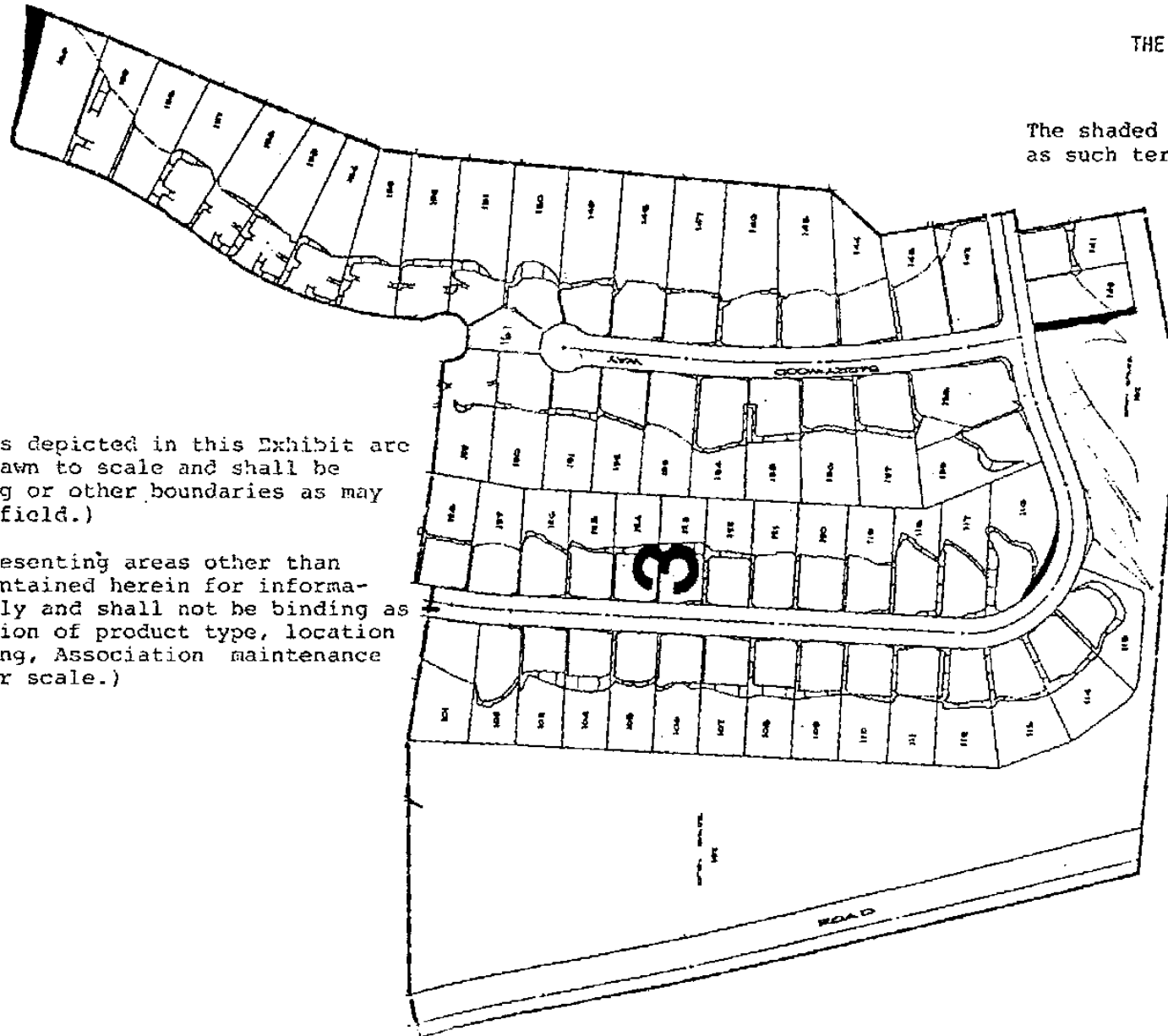
(The Slope Areas as depicted in this Exhibit are not necessarily drawn to scale and shall be governed by fencing or other boundaries as may be imposed in the field.)

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EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT #3
MAP NO. 2697

The shaded areas indicate "Slope Areas"
as such term is defined in the Declaration

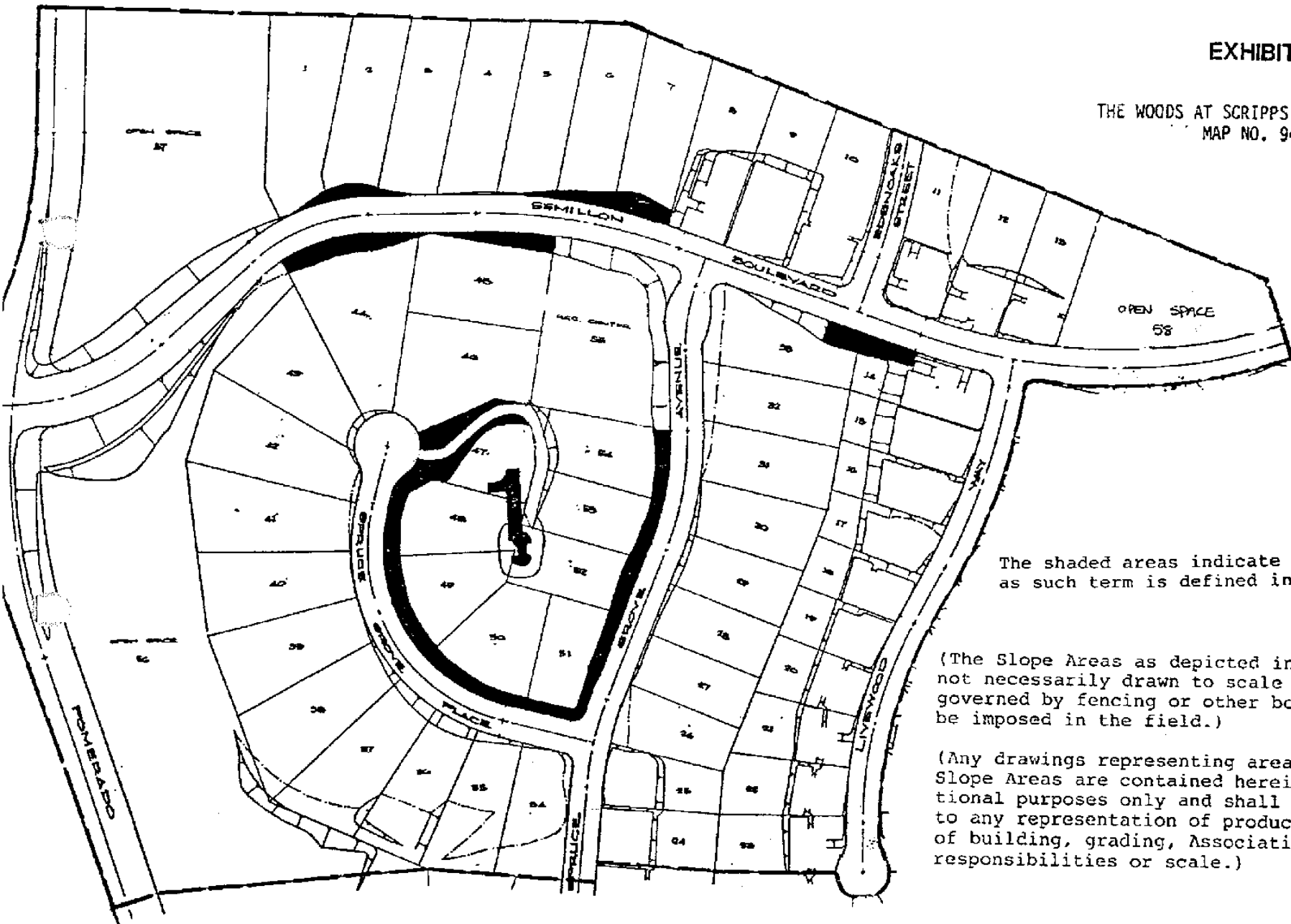


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or dimensions. (Sloping, grading, Association maintenance
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EXHIBIT "A"

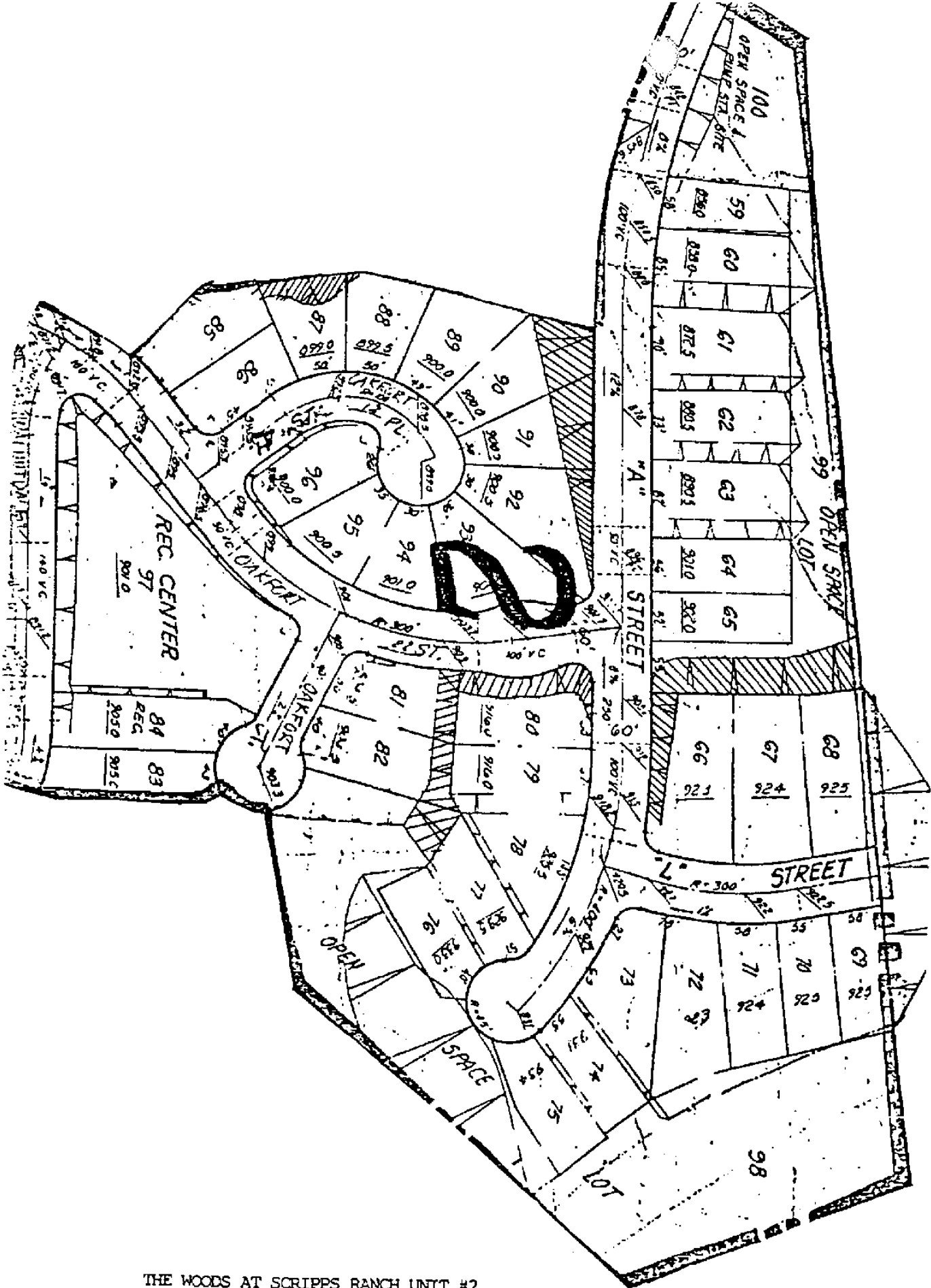
THE WOODS AT SCRIPPS RANCH UNIT #1
MAP NO. 9466



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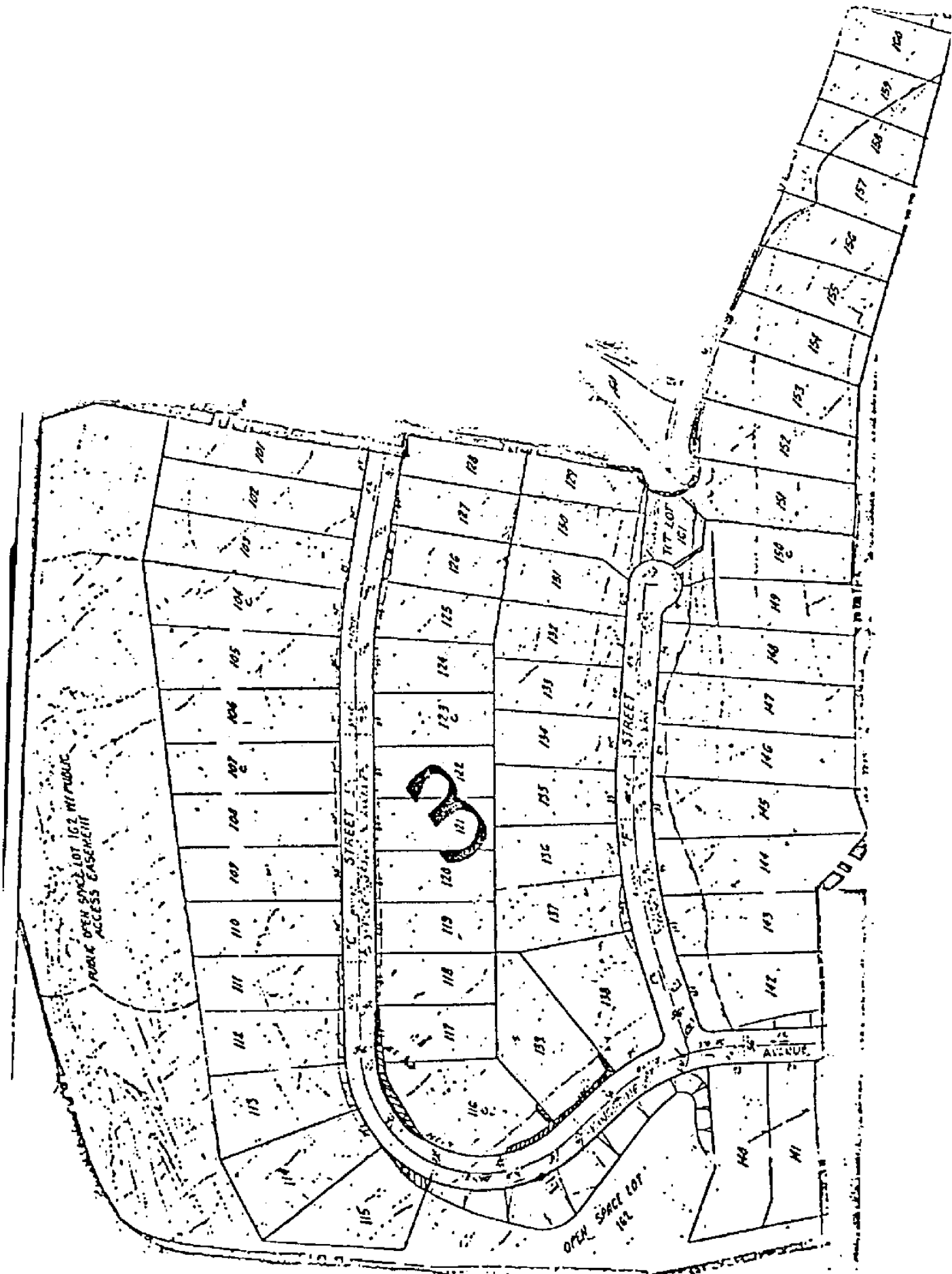


THE WOODS AT SCRIPPS RANCH UNIT #2
 MAP NO. 9467

CROSS HATCHED AREAS INDICATE SLOPES TO BE
 MAINTAINED BY "WHISPERING RIDGE HOMEOWNERS
 ASSOCIATION".



EXHIBIT "A" - OLD



THE WOODS AT SCRIPPS RANCH UNIT #3
 CROSS-HATCHED AREAS INDICATE SLOPES
 TO BE MAINTAINED BY "WHISPERING RIDGE
 HOMEOWNERS ASSOCIATION".



EXHIBIT "A" - OLD

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onsibilities or scale.)

EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT #4
MAP NO. 9946

The shaded areas indicate "Slope Areas"
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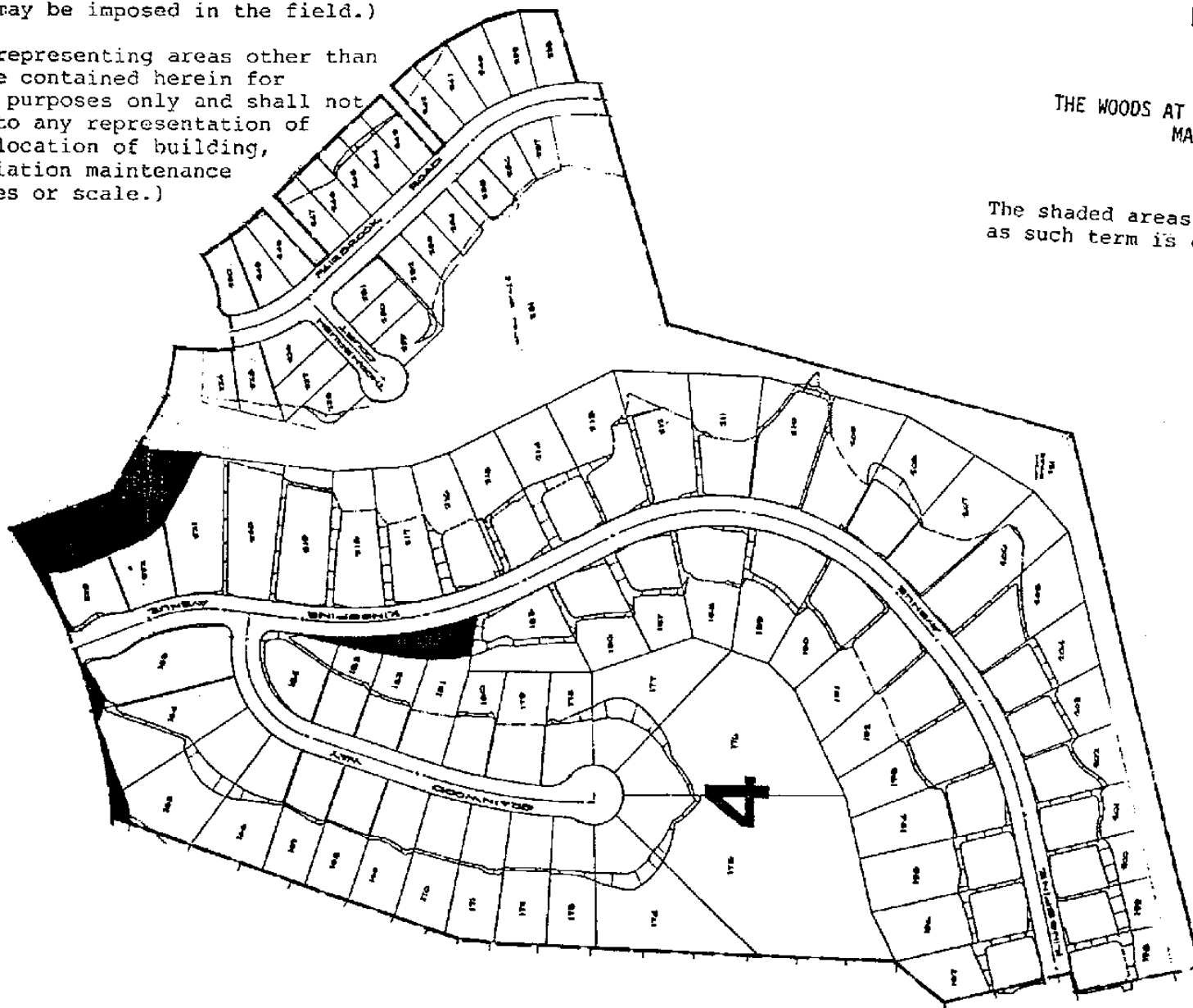


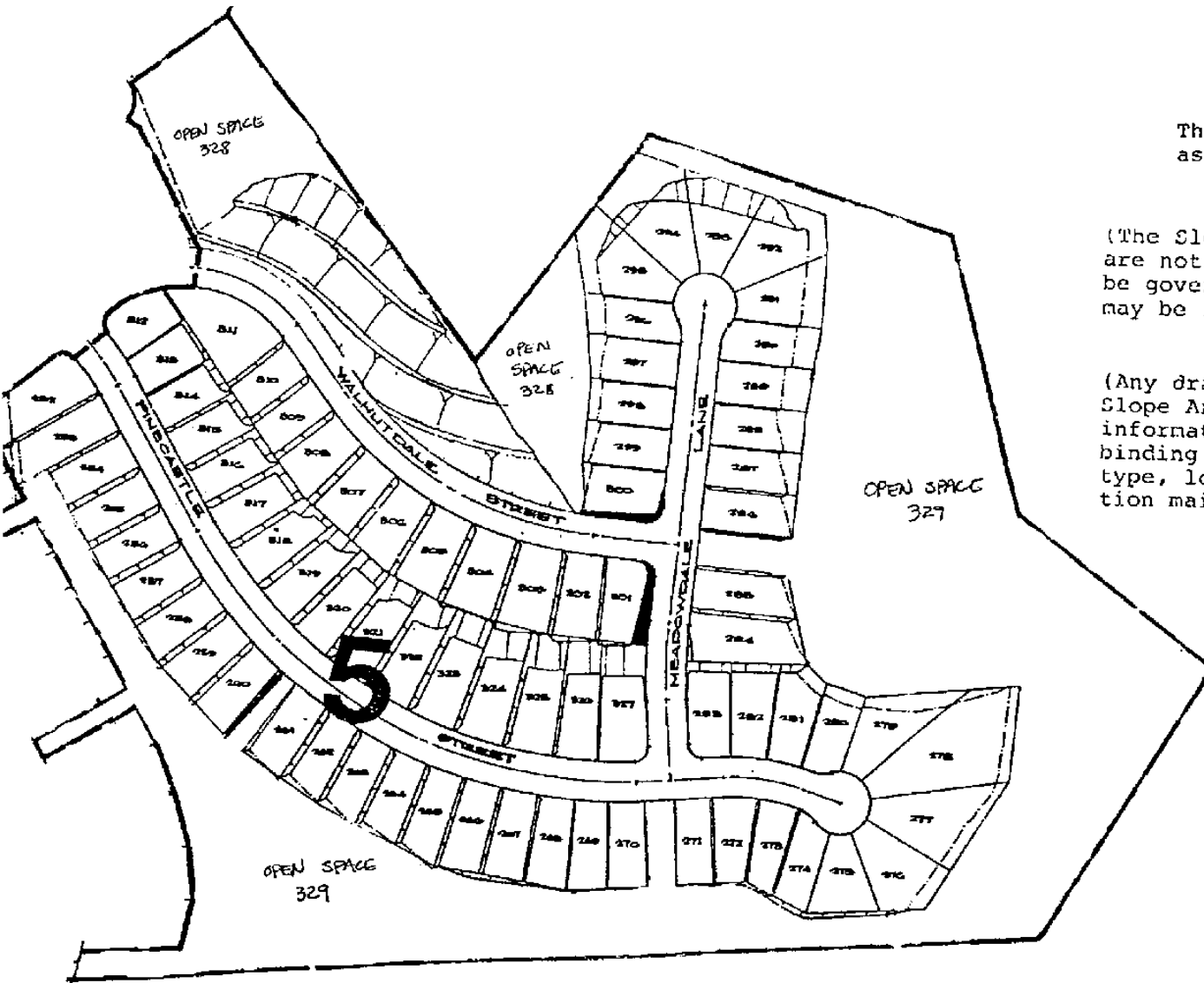
EXHIBIT "A"

THE WOODS AT SCRIPPS RANCH UNIT # 5
MAP NO. 10092

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PARCEL 2:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 2, according to map thereof No. 9467, filed in the office of the San Diego County Recorder.

PARCEL 3:

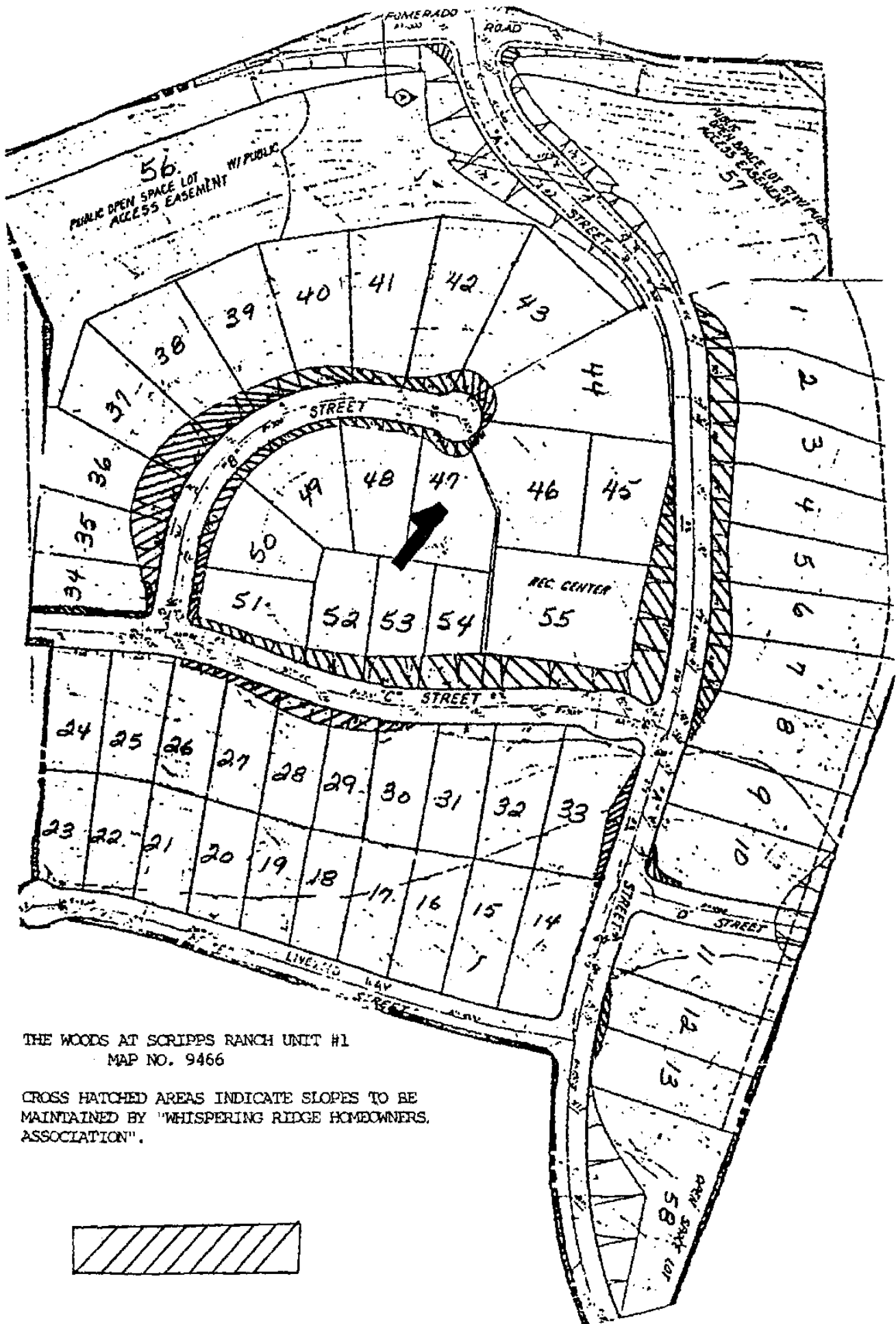
All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 3, according to map thereof No. 9697, recorded in the Office of the San Diego County Recorder.

PARCEL 4:

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PARCEL 5:

All lots as shown on that certain map entitled THE WOODS AT SCRIPPS RANCH UNIT NO. 5, according to map thereof No. 10092, recorded in the Office of the San Diego County Recorder.



THE WOODS AT SCRIPPS RANCH UNIT #1
 MAP NO. 9466

CROSS HATCHED AREAS INDICATE SLOPES TO BE MAINTAINED BY "WHISPERING RIDGE HOMEOWNERS ASSOCIATION".

