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AND WHEN RECORDED, MAIL TO:

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Attention: Paul K. Watkins, Esq.

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FLETCHER TERRACE UNIT 3
A PLANNED UNIT DEVELOPMENT
SAN DIEGO COUNTY, CALIFORNIA

THIS DOCUMENT IS CERTIFIED TO BE A TRUE AND CORRECT COPY
OF THE ORIGINAL DOCUMENT RECORDED 1-2-80
AS INSTRUMENT NO. 80-000687
IN THE OFFICE OF THE RECORDER OF SAN DIEGO COUNTY.

FIRST CENTENNIAL TITLE COMPANY
BY Ron Mc Glennon
TITLE OFFICER

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration"), made on the date hereinafter set forth by CHILCOTE, INC., a California corporation ("Declarant"), is made with reference to the following facts:

RECITALS

A. Declarant is the owner of certain real property ("Real Property") located in the County of San Diego, State of California, more particularly described on Exhibit A attached hereto and by this reference made a part hereof.

B. Declarant intends to establish upon the Real Property a residential development, and to impose upon the Real Property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the lots in the development and their future owners.

C. The development is defined and referred to herein as the "Project". The owner of a residential lot shall receive title to his individual lot plus an appurtenant membership in the FLETCHER TERRACE UNIT 3 HOMEOWNERS ASSOCIATION, a California nonprofit corporation created for the purposes of administering and controlling the Common Area (as such term is hereinafter defined).

NOW, THEREFORE, Declarant hereby declares that the Real Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Project, and every part thereof, in accordance with the plan for its development and the division thereof into a residential development. All of the limitations, covenants, conditions, restrictions and easements shall run with the land and shall be binding upon Declarant, its successors and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Project.

ARTICLE I

DEFINITIONS

1. "ARTICLES" means the Articles of Incorporation of the ASSOCIATION, as they may be amended from time to time.
2. "ASSESSMENT" means that portion of the cost of maintaining, improving, repairing, operating and managing the Common Area which is to be paid by each lot owner as determined by the Association.
3. "ASSOCIATION" means the FLETCHER TERRACE UNIT 3 HOMEOWNERS ASSOCIATION, a California nonprofit corporation.
4. "BOARD" or "BOARD OF DIRECTORS" means the governing body of the Association.
5. "BY-LAWS" means the BY-LAWS of the Association, as they may be amended from time to time.
6. "COMMON AREA" means the portions of the Project owned by the Association and described on Exhibit B attached hereto and by this reference made a part hereof.

7. "COMMON EXPENSES" means the actual and estimated expenses of operating the Project and any reasonable reserves for such purposes as found and determined by the Board, and all sums designated common expenses by or pursuant to the governing documents.

8. "DWELLING STRUCTURE" means the residential structure located or to be located upon a lot.

9. "DECLARANT" means CHILCOTE, INC., a California corporation.

10. "DECLARATION" means this Declaration of Covenants, Conditions and Restrictions, as may be amended from time to time.

11. "GOVERNING DOCUMENTS" means this Declaration, the Articles, and the By-Laws, as they may be amended from time to time, and the rules and regulations for the members as established from time to time.

12. "INSTITUTIONAL LENDER" means any bank, savings and loan association, insurance company, or other financial institution holding a recorded first mortgage on any lot in the Project.

13. "LOT" means a plot of land shown upon the subdivision map of the Real Property recorded in the Official records of San Diego County, California, as File/Page No. 8960; provided, however, that the term "lot" shall not include any portion of the Common Area.

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

15. "MORTGAGE" shall include a deed of trust as well as a

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

16. "MORTGAGEE" shall include a beneficiary or a holder of a deed of trust as well as a mortgagee.

17. "MORTGAGOR" shall include the trustor of a deed of trust as well as a mortgagor.

18. "OWNER" means the record holder or holders of title of a lot in the Project. "Owner" shall include any person having a fee simple title to any lot and shall include contract sellers, but shall exclude persons or entities having any interest merely as security for the performance of an obligation. Whenever "Owner" is used in this Declaration for the purpose of determining quorums, percentages, or minimum or maximum numbers for voting as specified in this Declaration, all the Owners of a particular Lot shall be counted as one.

19. "PERSON" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

20. "PROJECT" means the Real Property and all improvements located and to be located thereon.

21. "REAL PROPERTY" means the real property located in the County of San Diego, State of California, more particularly described on Exhibit A attached hereto and by this reference made a part hereof.

ARTICLE II

DESCRIPTION OF PROJECT, DIVISION OF PROJECT AND PROPERTY RIGHTS

1. Description of Project: The Project consists of the

Real Property and all improvements located and to be located thereon. Declarant intends to develop the Real Property by constructing dwelling structures and usual appurtenances and other facilities thereon.

2. Division of Project and Property Rights: The Project is divided into lots and Common Area as follows:

a. Lots: A lot is a plot of land shown upon the subdivision map referred to in Article I, paragraph 13, with the exception of the Common Area.

b. Common Area: The "Common Area" is the portion of the Real Property to be owned by the Association. The Common Area is described on Exhibit B. Each Owner has a right and easement of use of the Common Area (subject to the provisions of the Governing Documents) in accordance with the purposes for which the Common Area is intended, so long as the rights of other Owners are not hindered or encroached upon. The foregoing right and easement shall not be conveyed or otherwise transferred separately from its respective lot, and said right and easement shall be deemed to be conveyed or encumbered with its respective lot even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the lot. The Common Area will be conveyed by Declarant to the Association concurrently with the first conveyance of a lot to an owner. The Common Area shall not be severable through partition or otherwise except in accordance with Article VIII, paragraph 16 of this Declaration.

ARTICLE III

ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

1. Association to Manage Common Areas: The management

of the Common Area shall be vested in the FLETCHER TERRACE UNIT 3 HOMEOWNERS ASSOCIATION, a California nonprofit corporation. The Owners of all the lots covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles, By-Laws, and the rules and regulations of the Association.

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

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

4. Membership Classes and Voting Rights:

Class A. Class A members shall be all owners with the exception of the Declarant. Each lot shall be entitled to one vote. When more than one person holds an interest in any lot, all such persons shall be members, and the vote for such lot shall

be exercised as the majority of such persons among themselves determine. In no event shall more than one vote be cast with respect to any lot, and in no event shall a lot's vote be split. The owner (or valid proxy) exercising the vote for any lot at a meeting shall be conclusively held to be voting in the manner determined by the majority of the owners of that lot unless the Association is otherwise notified in writing prior to the meeting or an objection is made by another owner of that lot from the floor of the meeting.

Class B. The Class B member shall be the Declarant, who shall be entitled to vote as follows; voting shall be the same as for Class A memberships, except that the Class B member shall have three (3) votes for each lot owned by it. The Class B membership shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

a. When the total outstanding votes held by Class A members equal the total outstanding votes held by the Class B member (tripled as stated above);

b. The date of the second anniversary of the original issuance of the final subdivision public report for the Project.

Upon conversion of Class B membership to Class A membership, the provisions of the governing documents which require action by both classes of the voting membership shall require the stated action by Class A members only.

ARTICLE IV
ASSESSMENTS

1. Creation of the Lien and Personal Obligations of Assessments:

The Declarant, for each lot owned within the Project, 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, hereby is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges (payable in equal monthly installments), and (2) special assessments for capital improvements, payment of taxes, and as hereinafter set forth, such assessments to be established and collected as hereinafter provided. Each annual and special assessment, together with interest, costs and actual attorneys' fees and expenses incurred by the Association in collecting any delinquent assessments, shall be a charge on the lot and shall be a continuing lien upon the lot against which each such assessment is made, the lien to become effective upon recordation of a notice of assessment. Each such assessment, together with interest, costs and actual attorneys' fees and expenses, shall also be the personal obligation of the person who was the owner of such lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an owner's successors in title unless expressly assumed by them. No owner of a lot may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his lot.

The annual assessment for the lots in the Project shall commence upon the first day of the first calendar month following the first close of escrow for the sale of a lot in the Project. Annual and special assessments chargeable to or payable for each

unsold lot owned by Declarant in the Project shall be charged to, paid by, and be the debt of Declarant.

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

3. Determining Annual Assessments: Within ninety (90) days before the close of each fiscal year of the Association, the Board of Directors shall determine the expenditure budget for the Association for the next succeeding fiscal year. The expenditure budget shall include all expenses of the Association, including reasonable reserves for contingencies and replacements. The amount so determined (less any surplus expected to be on hand from the prior year's expenditure budget) shall be the total Project annual assessment. The Board may appoint a Finance Committee to assist in the determination of the expenditure budget. A copy of the expenditure budget shall be distributed to each member of the Association not less than sixty (60) days before the beginning of the fiscal year.

4. Procedure for Increasing Annual Assessments: From and after January 1 of the year immediately following the first conveyance of a lot to an owner, the Board of Directors may increase the maximum annual assessment by not more than twenty percent (20%) above the maximum annual assessment for the previous year. If the Board of Directors desires to increase the maximum annual assessment by more than said twenty percent (20%) amount, such increase shall require the vote or written assent of a majority of

the voting power of both the Class A membership and the Class B membership so long as there are two classes of membership and at such time as there is no longer a Class B membership, such action shall require the vote or written assent of a majority of the voting power of the Association.

5. Special Assessments: In addition to the annual assessments authorized above, the Board of Directors may levy (without the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant), in any fiscal year, special assessments applicable only to that year to defray the costs of any action or undertaking on behalf of the Association, provided that any such assessments in the aggregate shall not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. If the Board of Directors desires to levy special assessments in any fiscal year in excess of such five percent (5%) amount, then such special assessments shall require the vote or written assent of both the Class A membership and the Class B membership so long as there are two classes of membership and at such time as there is no longer a Class B membership, such action shall require the vote or written assent of a majority of the voting power of the Association.

6. Division and Payment of Assessments: All assessments, both annual and special, shall be charged to and divided among the number of lots equally. The owners of each lot shall be jointly and severally liable for the assessment made against their lot. Each owner shall be obligated to pay to the Association his regular assessment in twelve equal monthly installments on or before the fifteenth (15th) day of each calendar month, and to pay special assessments within thirty (30) days after their levy

or at such other times as the Board of Directors shall designate. All assessments shall be paid at such place as the Board of Directors shall designate.

7. Annual Assessments - Miscellaneous: As stated in Article IV, paragraph 1 above, the annual assessments provided for herein shall commence as to all lots within the Project on the first day of the month following the first conveyance of a lot in the Project. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. Written notice of the annual assessment shall be sent to every owner subject thereto. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

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

The Board of Directors may cause to be recorded as to any delinquent assessment in the Office of the County Recorder of San Diego County, California, a Notice of Assessment Lien, which shall state the amount of the assessment and such related charges as may be authorized by this Declaration and the other governing

documents, a description of the lot against which the lien has been assessed, and the name of the record or reputed owner of the lot. The notice shall be signed by any director of the Association or by the Association's managing agent. The assessment lien shall also be deemed to secure all of the foregoing items which shall become due or incurred relative to the lot subsequent to the recordation of the Notice of Assessment Lien until the completion of the enforcement of the lien or the payment of the full amount secured by the lien, or other satisfaction to be made in connection therewith.

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

Where the mortgagee of a first mortgage of record or other purchaser of a lot obtains title to the same as a result of such a foreclosure, such acquirer of title, and its successor and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such lot which became due prior to the acquisition of title to such lot by such acquirer. However, such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from owners of all the lots, including such acquirer, its successors and assigns. Upon the written request of a holder of a first mortgage encumbering a lot, the Association shall provide such holder with written notification of any then existing default by the owner of such lot in the performance of such owner's obligations under this Declaration or the By-Laws if such default has remained uncured for a period of sixty (60) days.

First mortgages of lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area and any first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of all first mortgagees duly executed by the Association, and an original or certified copy of such agreement shall be possessed by Declarant.

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

Such lien may be enforced by sale by the Association, its attorney, or by any other person authorized by the Association to make the sale; provided, however, that no proceeding or action shall be instituted to foreclose the lien, either judicially or under the power of sale granted herein, until notice of intention to proceed to foreclose the lien shall have been delivered by the Board of Directors to the owner of the lot affected by the lien at least thirty (30) days prior to the commencement of any such action or proceeding, and such sale shall be conducted in accordance with the provisions of Section 2924-2924h of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

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

Subject to the provisions of the By-Laws, the Board may suspend the voting rights and right to use the recreational facilities located on the Common Area (if any) of a member who is in default in payment of any assessment.

ARTICLE V

POWERS OF THE ASSOCIATION: MAINTENANCE AND

USE OF COMMON AREA

1. General: In addition to the duties and powers enumerated elsewhere in this Declaration and in the other Governing Documents, and without limiting the generality thereof, the Association shall have the right and authority to:

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

b. Obtain, for the benefit of all of the lots, all water, gas and electric service, refuse collection, and janitorial service in connection with the Common Area.

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

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

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

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

2. Maintenance by Association of Common Area: The Association shall maintain all portions of the Common Area. In the event that the need for maintenance or repair of any area subject to maintenance by the Association is caused through the willful or negligent act of an owner or any occupant of such owner's lot, or any guests or invitees of such owner or occupant, the cost of such maintenance or repair in excess of any insurance proceeds payable to the Association for such maintenance or repair shall be added to and become a part of the assessment to which such owner's lot is subject.

3. Delegation of Right to Use Common Area: An owner may delegate (subject to the provisions of the governing documents) his right to use the Common Area to those of his family or tenants who reside upon the lot. An owner may permit guests to use the Common Area, but the Association shall have the right to limit the number of an owner's guests who may use any recreational facilities which may be located on the Common Area, and to limit the days and duration of such use.

ARTICLE VI

UTILITIES

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

gas, television receiving, telephone lines or connections, heating or air-conditioning conduits, ducts, or flues shall be as follows:

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

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

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

ARTICLE VII

USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Real Property and each lot therein is subject to the following:

1. Lot Use: No lot shall be occupied or used for other than residential purposes, and no trade or business shall be conducted thereon, except that Declarant, its successors, or assigns, may use any lot or lots in the Project owned by Declarant for a model site or sites, for display, and for sales and/or construction offices during construction and development of the Project. Such right shall terminate on the date which is five (5) years from the date of the close of escrow for the first sale of a lot in the Project, or upon the consummation of the last sale of a lot in the Project, whichever event first occurs.

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

3. Vehicle Restrictions: No trailer, camper, mobile home, commercial vehicle, truck (other than standard size pickup truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the Project, other than temporarily or completely within an enclosed garage, without the prior written consent of the Board. Commercial vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the Project. No off-road and/or unlicensed motor vehicles shall be operated upon the Project.

4. Signs: No signs shall be displayed to the public view on any lots or on any portion of the Project unless such signs are approved by the Board; provided, however, that one "For Sale" or "For Rent" sign of customary and reasonable dimensions and as permitted by law may be displayed without approval of the Board.

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

6. Garbage and Refuse Disposal: All rubbish, trash and garbage shall be regularly removed and shall not be allowed to accumulate upon any part of the Project. All trash, garbage and other waste shall be kept in sanitary containers. All trash containers or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All equipment, woodpiles, or storage piles shall be kept screened and concealed from view of other lots, streets and the Common Area.

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

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

9. Architectural Control Committee: No exterior portion of any dwelling structure, and no building, fence, wall obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind shall be commenced, erected, decorated, painted, resurfaced or otherwise maintained upon any part of the Project, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by an architectural control committee ("Committee") consisting of three (3) persons. Declarant shall appoint all of the original persons on the Committee and all replacements until the first anniversary of the issuance of a public report for the Project. Declarant hereby reserves the power to appoint a majority of the persons on the Committee until ninety percent

(90%) of all lots in the Project have been sold or until the fifth anniversary of the issuance of the final public report for the first phase of the Project, whichever first occurs. After the first anniversary of the issuance of a final public report for the Project, the Board shall have the power to appoint one person to the Committee until ninety percent (90%) of all of the lots in the Project have been sold or until the fifth anniversary date of the issuance of the final public report for the first phase of the Project, whichever first occurs. Thereafter, the Board shall have the power to appoint all of the persons on the Committee. Persons appointed to the Committee by the Board shall be from the membership of the Association. Persons appointed to the Committee by the Declarant need not be from the membership of the Association.

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

No landscaping of lots visible from the street or from the Common Area not involving the use of natural plants, grass, trees, or shrubs, and which does involve the use of synthetic materials, or of concrete, rock, or similar materials, shall be undertaken by any owner until plans and specifications showing

the nature, kind, shape, and location of the materials shall have been submitted to and approved in writing by the Committee.

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

10. Drapes: All window openings visible from the street or Common Area shall have facing the exterior either draperies, drape linings, casements, or shutters and all such draperies, drape linings, casements, and shutters shall be of a neutral color approved by the Committee.

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

12. Power Equipment and Car Maintenance: No shop electrical power equipment, hobby shops, or car maintenance (other than emergency work) shall be permitted on the Project except with prior written approval of the Board in the sole and absolute discretion of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

13. Liability of Owners for Damage to Common Area: The owner of each lot shall be liable to the Association for all damages to the Common Area or improvements thereon caused by such owner or any occupant of his lot, or such owner's or occupant's guests; provided, however, that such owner shall not be responsible for

that portion of said damage, if any, covered by insurance the proceeds of which are payable to the Association.

14. Owners Not to Alter or Improve the Common Area: No owner shall make or cause to be made any alteration or improvement to the Common Area or remove any landscaping, structure, furnishing or other object therefrom without the prior written consent of the Board of Directors. Upon any violation of this paragraph 14, the Association may restore the affected portion of the Common Area to the condition it was in immediately prior to the violation. The cost of such restoration shall be paid by the owner responsible for the violation, and shall be added to and become a part of the assessment to which such owner's lot is subject.

15. No Temporary Structures: No structure of a temporary character, tent, shack, garage, or other outbuilding shall be used on the Project at any time as a residence, either temporarily or permanently.

16. No Oil, Quarrying or Mining Operations: No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon the Project, nor shall oil wells, tanks, tunnels, or mineral excavations or shafts be permitted upon the Project. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon the Project.

17. Water Run-Off: No lot shall be improved or altered by any structure, fence, wall, planting or landscaping which will significantly alter the established drainage pattern of the lot. The established drainage pattern is defined as the drainage pattern established after finish grading and landscaping are completed by Declarant.

18. No Resubdivision: No lot, except Lot 18, may be further subdivided.

19. Movement of Building: No building of any kind shall be moved from any other place onto any of the lots, or from one lot onto another lot.

20. Additions: No additions shall be made to the existing structures which shall be closer to side lot lines or front lot lines than existing buildings (i.e., existing at the time of the finish of construction by Declarant).

21. Slope Area: No building or other structure shall be erected or maintained in whole or in part within any slope area.

ARTICLE VIII

GENERAL PROVISIONS

1. Enforcement: The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration and the other governing documents, and in such action shall be entitled to recover actual attorneys' fees and all costs. Failure of the Association or any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

3. Term: The covenants and restrictions of this Declaration shall run with and bind the Project and all parts thereof, and shall inure to the benefit of and shall be enforceable by the Association or the owner of any lot subject to this Declaration,

their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by the owners of a majority of the lots, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change this Declaration in whole or in part, or to terminate the same.

4. Amendments: Following the conversion of Class B membership to Class A membership, this Declaration shall be amended only by the vote or written assent of members representing both; (a) at least seventy-five percent (75%) of the total voting power of the Association; and (b) at least seventy-five percent (75%) of the votes of members other than the Declarant. Provided, however, the percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision. So long as Class A membership and Class B membership are still in effect, this Declaration shall be amended only by the vote or written assent of at least seventy-five percent (75%) of each class of membership. Any amendment must be recorded and shall become effective upon being recorded in the Office of the County Recorder of San Diego County.

5. Encroachment Easements: Each owner of a lot within the Project is hereby declared to have an easement over all adjoining lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of a dwelling structure, or any other similar cause. There shall be easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall an easement for encroachment be created in favor

of an owner or owners if said encroachment occurred due to the willful misconduct of said owner or owners.

6. Owner's Right and Obligation to Maintain and Repair: Each owner shall, at his sole cost and expense, maintain and repair his lot and the dwelling structure thereon. This obligation shall include, without limitation, maintenance and repair of the foundation, walls, doors, windows, roof, and exterior surfaces of the dwelling structure, and all plumbing, electrical, heating, air conditioning and other utility systems serving the lot and located anywhere upon the lot, and all portions of the yard area of his lot and any improvements made thereto. In the event that the architectural control committee shall find that any owner has failed to do so as set forth above, such owner shall be given fifteen (15) days written notice to comply and an opportunity to appear before the Board. Should the owner fail to act in accordance with the above after a request to do so by the Board, each owner agrees that the architectural control committee shall have the right to perform the work and render a bill for the cost of said work to the owner.

7. Entry for Repairs: Upon consent of the owner, which consent shall not be unreasonably withheld, the Association or its agents may enter upon any lot when necessary in connection with any maintenance, landscaping or construction for which the Association is responsible; provided, however, that such consent shall not be required in connection with construction, maintenance, or emergency repair for the benefit of the Common Area or the owners in common. Such entry shall be made with as little inconvenience to the owner as practicable, and any damage caused by such entry shall be repaired by the Association at the expense of the Association.

8. Damage or Destruction to Dwelling Structures on Lots: In the event of damage or destruction to any dwelling structure, the owner thereof shall reconstruct the same as soon as reasonably practicable and substantially in accordance with the original plans and specifications therefor; provided, however, that any such owner may reconstruct or repair his dwelling structure pursuant to new or changed plans and specifications if such plans and specifications are approved by the Board of Directors or architectural control committee in the manner set forth in Article VII, paragraph 9.

9. Damage or Destruction to Common Area: In the event of damage or destruction of the Common Area or facilities thereon, and the proceeds from the insurance policy or policies then in force are sufficient to totally cover the cost of repair and replacement to a substantially similar configuration, the Board of Directors shall promptly cause the repair or replacement to take place. However, should the proceeds from the insurance policy or policies be inadequate to cover the aforementioned costs, then a special assessment to provide the requisite additional funds may be levied pursuant to Article IV, paragraph 5 of this Declaration, and the repair or replacement shall only then take place. Notwithstanding anything to the contrary set forth herein or in the other Governing Documents, no provision contained in the Governing Documents gives an Owner, or any other party priority over any rights of the Institutional Lender who has made a first loan on a residential lot in the case of a distribution to the residential lot Owner of insurance proceeds for losses to the Common Area.

10. Condemnation of Common Area: In the event of a condemnation of the Common Area or facilities thereon, the condemnation award shall be distributed among the owners of the Project with each owner receiving that portion of the award equal to the number of lots owned by the owner divided by the total number of lots which quotient shall then be multiplied by the total award. Notwithstanding anything to the contrary set forth herein or in the other Governing Documents, no provision contained in the Governing Docu-

ments given an Owner or any other party priority over any rights of the Institutional Lender who had made a first loan on a residential lot in the case of a distribution to the residential lot Owner of condemnation awards for the taking of Common Area.

11. Limitation of Restrictions on Declarant: Declarant is undertaking to establish residential housing and incidental improvements upon the Project. The completion of that work, and the sale, rental, and other disposal of the lots is essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and the Project be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

a. Prevent Declarant, its contractors, or subcontractors from doing on the Project or any lot, whatever is reasonably necessary or advisable in connection with the completion of said work; or

b. Prevent Declarant or its representative from erecting, constructing or maintaining on any part or parts of the Project, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Project as a residential community and marketing the lots; or

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

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

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

12. Owners' Compliance: Each owner, tenant or occupant of a lot shall comply with the provisions of this Declaration, the Articles, By-Laws, and decisions, resolutions, rules and regulations of the Association or its duly authorized representative, as lawfully amended from time to time, and failure to comply with

any such provisions, decisions, resolutions, rules or regulations shall constitute the basis for an action to recover sums due for damages, or for injunctive relief, including reasonable attorneys' fees and all costs.

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

13. Taxes: All taxes assessed against lots shall be paid before delinquency by the owner of the lot against which the assessment is made. All taxes assessed against the Common Area or against other property owned by the Association shall be paid by the Association; said taxes shall be paid for out of annual assessments and, if necessary, a special assessment may be levied (in the manner set forth in Article IV, paragraph 5) against the lots in an amount equal to said taxes.

14. Notices: Except as may otherwise be provided by specific provisions of this Declaration, the Articles, or the By-Laws, any notice permitted or required by this Declaration, the Articles, or the By-Laws, may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the current address given by such person to the secretary of the Association or addressed to the lot of such person if no address has been given to the secretary.

15. Amendment and Granting of Easements: Declarant shall have the absolute right and power, at any time, to enter into any written agreement with the County of San Diego, changing the location of any of the easements to the County of San Diego or other

governmental or public agencies or utilities, in connection with the development and/or improvement of the Project, or any portion or portions thereof; provided, however, such right and power shall last for only so long as the Declarant owns lots in the Project. Each owner hereby appoints Declarant as his attorney-in-fact for the purposes of entering into such written agreements changing the location of any of such easements to the County of San Diego or other governmental or public agencies or utilities; provided, however, that such appointment of the Declarant shall last for only so long as Declarant owns lots in the Project. The power herein granted to Declarant shall be and is a power coupled with an interest.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration this 28 day of December, 1979.

CHILCOTE, INC.,
a California corporation

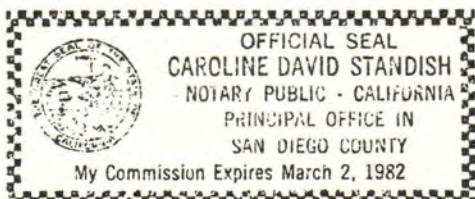
BY M. L. Chilcote
M.L. CHILCOTE, President
(Title)

BY _____
(Title)

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

On December 28, 1979, before me, the undersigned, a
Notary Public in and for said State, personally appeared M.L.
CHILCOTE, known to me to be the President of CHILCOTE, INC., and
_____, known to me to be the _____
of CHILCOTE, INC., the corporation that executed the within
instrument, known to me to be the persons who executed the within
instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the within
instrument pursuant to its by-laws or a resolution of its board
of directors.

WITNESS my hand and official seal.



Caroline David Standish
Caroline David Standish

EXHIBIT A
REAL PROPERTY

Lots 1 through 70 inclusive and Lots A, B, C and D of FLETCHER TERRACE UNIT NO. 3 in the City of El Cajon, County of San Diego, State of California, according to Map thereof No. 8960, filed in the Office of the County Recorder, August 15, 1978.

EXHIBIT B

COMMON AREA

Lots A, B, C and D in FLETCHER TERRACE UNIT NO. 3, in the City of El Cajon, County of San Diego, State of California, according to Map thereof No. 8960, filed in the office of the County Recorder August 15, 1978.

SUBORDINATION AGREEMENT

HOME FEDERAL SAVINGS AND LOAN ASSOCIATION OF SAN DIEGO, a corporation, beneficiary under that certain Deed of Trust filed for record on July 3, 1978 as File No. 78-277954 of Official Records of San Diego County, hereby agrees that the lien and charge of said Deed of Trust is and shall be subject and subordinate to the within Declaration of Covenants, Conditions and Restrictions.

HOME FEDERAL SAVINGS AND LOAN
ASSOCIATION OF SAN DIEGO,
a corporation

BY:

Calvin W. Schoenberger
Calvin W. Schoenberger, Vice President

BY:

Linell Harroun
Linell Harroun, Assistant Vice President

TO 1945 CA (8-74)

(Corporation)



TITLE INSURANCE
AND TRUST

A TICOR COMPANY

STATE OF CALIFORNIA

COUNTY OF San Diego

SS.

On December 28, 1979 before me, the undersigned, a Notary Public in and for said State, personally appeared Calvin W. Schoenberger

known to me to be the Vice President, and Linell Harroun

known to me to be Asst. Vice President of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature

Diane C. Burkard



(This area for official notarial seal)