

NOTICE TO HOMEBUYERS

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

South Coast Shores Homeowners Association
c/o Hickey & Petchul, LLP
114 Pacifica, Suite 340
Irvine, California 92618



2008000108454 04:11pm 03/07/08

112 254 D02 36
0.00 0.00 0.00 0.00 105.00 0.00 0.00 0.00

(Space above this line for Recorder's Office Use)
CONFIRMED COPY
Not Compared with Original

**RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
SOUTH COAST SHORES HOMEOWNERS ASSOCIATION**

THIS RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made as of 2-19, 2008 with reference to the following facts:

RECITALS

A. The undersigned is the duly appointed and acting Secretary of the South Coast Shores Homeowners Association, a California nonprofit mutual benefit corporation, which is the governing body of the Association. Declarant Association consists of all the owners of certain real property located in the City of Santa Ana, County of Orange, State of California, which is more particularly described as follows:

Lots 1 through 182, inclusive, of Tract No. 7711, as shown on a map recorded in Book 316, Pages 4 through 9, inclusive, of miscellaneous Maps, records of Orange County, California. ("Properties")

B. On March 26, 1973, Covington Brothers, a California corporation, executed a Declaration of Covenants, Conditions and Restrictions for the South Coast Shores Homeowners Association, which was recorded on April 13, 1973, in Book 10642, Pages 916, et seq., of the Official Records of Orange County, California ("Declaration"). The Declaration was subsequently supplemented for the purpose of annexing additional property to the Association's jurisdiction by Declarations of Annexation, which were recorded on October 1, 1974, in Book 11255, Pages 1633-1641 (Phase 2), March 20, 1975, in Book 11361, Pages 361-366 (Phase 3), and on March 20, 1975, in Book 11361, Pages 355-360 (Phase 4) of the Official Records of Orange County, California ("Official Records").

C. On October 10, 1978, South Coast Shores Homeowners Association executed a First Amendment to the Declaration of Covenants, Conditions and Restrictions, which was recorded on November 2, 1978, in Book 12909, Pages 170-173 of Official Records ("First Amendment").

D. On August 30, 1985, South Coast Shores Homeowners Association executed a Declaration of Covenants, Conditions and Restrictions for the South Coast Shores Homeowners Association, which was recorded on October 15, 1985, as Instrument No. 85-395712 of the Official Records ("Second Amendment").

E. On November 30, 1993, South Coast Shores Homeowners Association executed the Second Amendment to Declaration of Covenants, Conditions and Restrictions for the South Coast Shores Homeowners Association, which was recorded on December 8, 1993, as Instrument No. 93-854462 of the Official Records ("Third Amendment"). Said amendment was inadvertently titled "Second Amendment," but is, in fact, the third amendment to the Declaration of Covenants, Conditions, and Restrictions.

F. The Fourth Amendment to Declaration of Covenants, Conditions and Restrictions for the South Coast Shores Homeowners Association, was recorded on January 22, 2002, as Instrument No. 20020152080 of the Official Records ("Fourth Amendment").

G. South Coast Shores Homeowners Association executed a Fifth Amendment to Declaration of Covenants, Conditions and Restrictions for the South Coast Shores Homeowners Association, which was recorded on April 17, 2007, as Instrument No. 2007000248059 of the Official Records ("Fifth Amendment"). The Fifth Amendment replaced and superceded the erroneously filed Second Amendment to the Declaration of Covenants, Conditions and Restrictions recorded on January 26, 2007 as Instrument No. 200700056010 in the Official Records of Orange County, California. Said amendment was inadvertently titled "Second Amendment," but is, in fact, the fifth amendment to the Declaration of Covenants, Conditions, and Restrictions, which was recorded on April 13, 1973, in Book 10642, pages 916, et. seq., of the Official Records of Orange County, California.

H. This Restatement of the Declaration is intended to incorporate and restate, without amending or otherwise altering any material term therein, all of the terms and provisions of the Declaration and all amendments thereto, as referenced in Recitals B through G above, as a single document in order to preserve, enhance and perpetuate the common scheme and plan for the use, enjoyment, repair, maintenance, restoration and improvement of the South Coast Shores Homeowners Association and the interests therein conveyed or reserved, and for, without limitation, the payment of Assessments (as hereinafter defined), and other monetary obligations pertaining thereto.

NOW, THEREFORE, with reference to the foregoing recitals, the Board of Directors of the South Coast Shores Homeowners Association does hereby declare that the Properties and any interest therein are and shall be held, conveyed, encumbered, leased and used subject to the following Restated Covenants, Conditions, and Restrictions. This Restated Declaration does hereby establish and continue a general plan for the protection, maintenance, improvement, development, use, occupancy and enjoyment of the Properties, and does hereby affix the covenants, conditions and restrictions, easements, reservations, liens and charges upon and subject to which all of the Properties shall be held, used, leased, sold and conveyed, and each and all of which is and are declared hereby to be for the benefit of all the Properties, and each present and each future Owner thereof. These covenants, conditions and restrictions, easements, reservations, liens and charges shall run with the Properties and shall be binding upon all parties having or acquiring any right, title or interest in the Properties and shall inure to the benefit of

and bind each Owner thereof and his respective heirs, assigns and successors-in-interest, and are imposed upon said real property and each and every portion thereof as a servitude in favor of the Properties and each and every portion thereof as the dominant tenement or tenements, all as follows, to wit:

I - DEFINITIONS:

1. The term "Properties", as used herein, shall mean and refer to Lots 1 through 182 inclusive, and Lots A and B of Tract No. 7711 hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

2. The term "Lot", as used herein, shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Area.

3. The term "Common Area", as used herein, shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is described as follows: Lots A and B of Tract No. 7711 as per map recorded in Book 316, pages 4 through 9 inclusive, of Miscellaneous Maps in the Office of the County Recorder of Orange, California.

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

5. The term "Owner", as used herein, shall mean and refer to every person or entity who is a record owner of a fee interest in any lot which is subject under the Declaration to assessment by the Association, including:

a. Contract purchasers whose land sale contract has been recorded in the books and records of the Orange County, California Records Office and who are in possession of the Lot.

b. The beneficiary or trustee of a Trust, whoever is in possession of said Lot, which trust is the record owner as evidenced by recording in the books and records of the Orange County, California Records Office.

c. The spouse of a record owner who is in sole or joint possession of said Lot.

Ownership of such lot as herein described above shall be the sole qualification for membership. Membership shall be appurtenant to and may not be separated from ownership of the Lot which gives rise to such membership. Transfer of the ownership in any Lot shall automatically transfer membership in the Association and all rights of the transferor with respect to the Common Area.

6. The term "Association", as used herein, shall mean and refer to SOUTH COAST SHORES HOMEOWNERS ASSOCIATION, a non-profit corporation, its successors and assigns.

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

8. The term "Member", as used herein, shall mean and refer to a Member of the Association, who is an Owner, as defined in paragraph 5 above.

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 and Common Area for the benefit of all Owners of Lots therein. These covenants, restrictions and conditions are imposed 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 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 OF RESIDENTIAL LOTS AND COMMON AREA:

1. Each Lot shall be improved, used and occupied only for residential purposes, except for the Lots owned by the Association. 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, storing, vending, or other such non-residential purpose, provided, however, that the Association shall have the right to provide or authorize such services on the Common Area or Community Facilities, as it deems appropriate for the enjoyment of the Common Area or Community Facilities or for the benefit of the Members. [Emphasis added]

2. No Lot or improvements situated thereon shall be occupied or used for any purpose or in any manner which shall cause such improvements to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California standard fire policy form, or cause any policy or policies representing such insurance and insuring any improvements within the Properties to be cancelled or suspended or the company issuing the same to refuse renewal thereof.

3. Dogs, cats or usual and ordinary household pets may be kept in any dwelling unit upon a Lot, as may be permitted by rules adopted by the Board of Directors. Except as hereinafter provided, no animals, reptiles, livestock, birds or poultry shall be bred within the Properties or kept on any Lots thereof.

4. No Lot shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of other Lots or annoy them by unreasonable noises or otherwise, nor shall any nuisance or illegal activity be committed or permitted to occur on any Lot.

5. Signs shall not be permitted other than those complying with local laws and regulations.

6. No television, radio, or other electronic antenna or device of any type shall hereafter be erected, constructed, placed or permitted to remain on the Properties unless and until the same shall have been approved in writing by the Architectural Committee, or unless the same be contained within a building.

7. All weeds, rubbish, debris, or unsightly material or objects shall be regularly removed by owner of each respective Lot from any portion of each Lot not improved by a building, and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining streets or portions of the Properties from the height of six (6) feet or less. Any fence or screens required by this Section shall comply with any standards promulgated pursuant to the Article, entitled "Architectural Control", of this Declaration as to size, color, or other qualifications for permitted fences or screens.

8. The Common Area shall be improved and used only for the following purposes:

a. Use by the Owners and occupants of Lots and their guests in accordance with such rules as may be adopted from time to time by the Board of Directors.

b. Beautification of the Properties and enhancement of Owner privacy by landscaping and such other means as the Board shall deem appropriate.

c. Notice: The perimeter walls and entry gates of South Coast Shores are for traffic control purposes only. South Coast Shores Homeowners Association provides no security.

9. No part of the Common Area shall be obstructed so as to interfere with its use for the purposes hereinabove permitted, nor shall any part of the Common Area be used for storage purposes (except as incidental to one of such permitted uses), nor used in any manner which may increase that rate at which insurance may be obtained insuring against loss by fire or the perils described in the extended coverage endorsement to the California standard fire policy from and against loss from bodily injury or property damage occurring on or about the Common Area and improvements situated thereon, nor shall such premises be used in a manner which will cause the Association to be uninsurable against such risks, or will cause any policy or policies representing such insurance to be cancelled or suspended or the company issuing the same to refuse renewal thereof.

10. No trailer, camper, boat, recreational vehicle, motor home, any truck larger than $\frac{3}{4}$ ton capacity, any commercial vehicle, as defined below, shall be permitted to enter, other than temporarily, upon the Common Area, including streets, alleys and driveways, unless placed or maintained in a garage, nor shall they be permitted to park, other than for temporary parking, as defined below, on any street, alley or other portion of the Common Area.

Commercial vehicle shall mean all vehicles used for commercial purposes, including but not limited to vehicles with business identification signs or lettering, a motor vehicle designed or regularly used for carrying freight and merchandise or passengers for compensation, tow trucks, any vehicle with more than two (2) wheels that has been constructed without passenger seats,

and vehicles equipped with construction equipment such as ladders, mixers, and the like, but excluding tool boxes.

Temporary parking shall mean parking of delivery trucks, service vehicles or other vehicles being used in the furnishing of services to residents, for loading or unloading purposes and during the furnishing of the services. The Board may adopt rules for the regulation of the admission and parking of vehicles in the Common Area, including the assessment of charges to Owners if they, their tenants or their invitees violate such rules.

The Board of Directors shall be given the discretion to provide a variance to the above restrictions to a resident owning a commercial vehicle in the event of a showing of good cause and/or hardship.

11. The Common Area shall be maintained in an attractive and safe manner suitable to the full enjoyment of the open spaces and all improvements located thereon. The Board of Directors, as hereinafter provided, shall levy an assessment against all Owners for maintenance, upkeep, taxes, insurance, and other charges against the Common Area.

12. No structure of a temporary character, trailer, tent, shack, garage, barn, or other out-building shall be used on any Lot at any time as a residence, either temporarily or permanently.

13. Air conditioning units may not be placed on the exterior of the dwellings except in accordance with such rules and regulations as may be promulgated by the Board.

14. Each Owner, tenant or occupant of a Lot shall comply with the provisions of this Declaration, the By-Laws, decisions and rules and regulations of the Association or its duly authorized representatives which may from time to time be promulgated, all as lawfully amended from time to time, and failure to comply with any such provisions, decisions or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief.

15. No Owner or occupant shall deposit any garbage, refuse or rubbish in or on the Common Area unless such matter is deposited in appropriate containers suitably placed as designated by the Board so as not to detract from the physical appearance of the Common Area or the Properties. Trash bins may be placed upon the Common Areas by each Owner only in accordance with such rules and regulations as may be promulgated by the Board.

16. No Owner or occupant shall alter the grade of the terrain in such a manner that will prohibit the drainage or flow of water upon, across, or under any other portions of the Common Area unless an easement for such purpose is granted.

17. The Board of Directors has the power to correct any violations of the above subsections upon 15 days notice to the violating Owner, and assess said Owner the reasonable cost of correcting said violations. The Board of Directors also has the power to place a lien on said Lot, if said assessment is not paid within 30 days of notice of completion thereof by the Board of Directors.

IV – PROPERTY RIGHTS:

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

a. The right of the Association to limit the number of guests and Members.

b. The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and in aid thereof to mortgage the Common Area subject to approval by vote of two-thirds (2/3) of the Members of the Association.

c. The right of the Association to suspend the voting rights of any Owner for any period under which an assessment against such Owner's Lot remains unpaid, and for a period not to exceed thirty (30) days after notice and hearing for any infraction of its published rules and regulations; and

d. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument has been signed by the Secretary of the Association, certifying that such dedication, sale, or transfer has been approved by a vote of two-thirds (2/3) of the Members.

2. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area to his tenants who reside on his Lot.

V – MEMBERSHIP AND VOTING RIGHTS:

1. Every Owner shall be a Member, and no Owner shall have more than one (1) membership. There shall be only one (1) vote per Lot. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, By-Laws and Association Rules to the extent the provisions thereof are not in conflict with the Declaration. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Lot. Ownership of a Lot shall be the sole qualification for membership.

2. Each Member is entitled to one (1) vote on each matter submitted to a vote of the Membership. Cumulative voting is required in all elections for the Board of Directors in which more than two positions are to be filled. Members entitled to vote shall be permitted to vote and act by proxy.

3. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred to the transferor of the interest of an Owner required for membership. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association shall have the right to record the transfer upon the books of the Association without any further action or consent by the transferring Owner.

4. An Owner's right to vote shall vest immediately upon the date Regular Assessments commence upon such Owner's Lot, as provided in this Declaration. All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles, By-Laws and Association Rules.

VI - COVENANT FOR MAINTENANCE ASSESSMENTS:

1. Each Owner of any Lot by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments, Capital Improvements Assessments, and Reconstruction Assessments; such assessments to be fixed, established and collected from time to time as provided for in this Declaration. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continued lien upon the property against which each such assessment is made. Each assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property 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.

2. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, and for the improvements and maintenance of the Common Area, and of the home situated upon the Properties.

3. The Maximum Annual Assessment may be increased above ten (10%) percent either by the vote of a majority of the Members of the Association or written consent of a majority of the total voting power of the Association. One method of the approval cannot be used to supplement the other.

4. 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 (other than reconstruction pursuant to the Article of this Declaration, entitled "Destruction of Improvements"), repair or replacement of a capital improvement upon the Common Area and the Property, including fixtures and personal property related thereto, or any other action or undertaking on behalf of the Association, provided that any Special Assessment must first be approved by the vote or written assent of a majority of the voting power of the Association. The foregoing limitation on special assessments shall not apply to any reimbursement assessment which is authorized by the provisions of this Declaration.

5. The Association may levy a Reimbursement Assessment against any Owner who fails to comply with the provisions of this Declaration, the determinations of the Board of Directors, 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. Such assessments shall also be for the purpose of reimbursing the Association for

any costs incurred by the Association on behalf of an individual Owner. A Reimbursement Assessment shall be due and payable to the Association when levied.

6. Written notice of any meeting called to approve an increase in assessments greater than 10% under 3, or Special Assessment under 4, shall be sent to all Members not less than thirty (30) days or 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 (51%) percent of the voting power of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same quorum requirement.

7. Annual and special assessments for each Lot shall be uniform. Annual assessments shall be collected on a monthly basis unless some other period for collection is established by the Board.

8. 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 at a figure not in excess of an amount as provided in this Declaration. 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 the estimate of the Annual Assessment for the current fiscal year is, or will become, inadequate to meet the expenses and reserve requirements 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 reserve requirements and determine the revised amount of the Annual Assessment against each Owner.

9. 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 Properties that must be repaired or replaced on a periodic basis, 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 separate reserve bank accounts to be held in trust for the purposes for which they are collected and are 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.

10. 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. Such 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.

11. Each Owner of any Lot, on becoming an Owner, 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 attorney's fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In addition to any other remedies herein or by law provided, the Board or its

authorized representatives 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 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 by law, costs of collection, court costs and reasonable attorney's 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: The Board may proceed to record or cause to be recorded, a notice of assessment with respect to the Lot as to which assessments are delinquent, as provided by Section 1356 of the Civil Code of California as the same may be amended, modified or superseded from time to time. Such notice of assessment shall be recorded in the Office of the County Recorder of the county in which such Lot is located, and shall set forth all assessments which have become delinquent as of the date of recordation thereof, together with all costs (including reasonable attorney's fees), and all late charges subject to the limitations of the Civil Code Section 1725 and interest accrued thereon. The notice of assessment shall also set forth a description of the Lot with respect to which it is recorded and the name of the record Owner thereof. The notice of assessment shall be signed by any officer of the Association, or by any authorized representative of the Board. Immediately upon recordation of a notice of assessment pursuant to the provisions of this Section, the amounts set forth in said notice of assessment shall be and become a lien upon the Lot described in the notice of assessment, which lien shall also secure all other assessments which shall become due and payable with respect to the Lot as to which the notice of assessment was recorded following the date of recordation of the notice of assessment, together with all costs (including reasonable attorney's fees), and all late charges and interest, whether accruing thereon or accruing on the delinquent assessments set forth in the notice of assessment. Such a lien shall have priority over all liens or claims created subsequent to the recordation of the claim of lien thereof, 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 Lot. 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 lien provided for herein shall be in favor of the Association and shall be for the benefit of all other 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. Upon the timely curing of any default for which a notice of claim of lien was filed by the Board, and 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 Orange County, California. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use of the Common Area, or any part thereof, or any other part of the Properties, 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.

12. 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 or 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 lien of the assessments, including interest, costs (including attorney's fees) and late charge subject to the limitations of Civil Code, Section 1725, provided for herein shall be subordinate to the lien of any First Mortgage upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien provided for by 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 this Article, provided, however, that the sale or transfer of any Lot pursuant to a judicial foreclosure or foreclosures by power of sale 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 creation of any assessment lien against such Lot on account of assessments which become due prior to the date of such sale or interest 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.

13. a. Notwithstanding anything to the contrary contained in this Article or elsewhere in this Declaration, in the event the Association imposes a Reimbursement Assessment as a monetary penalty for failure of a Member to comply with the terms of the Declaration or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area for which the Member was allegedly responsible, or for any other costs incurred by the Association which were caused by a Member, or as a means to force a Member to comply with the terms of this Declaration, such Reimbursement Assessment shall not be characterized or treated as an assessment which may become a lien against a Member's Lot enforceable in the manner provided by the California Civil Code for the foreclosure of a deed of trust with power of sale as provided in 11 of this Article.

b. The provisions of subsection a. hereinabove, relating to restrictions on the enforcement of Reimbursement Assessments for certain purposes, shall not apply to any interest charge or late charge for delinquent assessments imposed pursuant to 11 of this Article or to any costs reasonably incurred by the Association (including attorney's fees) in its effort to collect delinquent assessments.

14. Upon written request, the Board of Directors shall, within ten (10) days of the mailing or delivery of such request, provide the Owner of a Lot with a copy of this Declaration and copies of the By-Laws and Articles of Incorporation of the Association, together with a true statement in writing as to the amount of any delinquent assessments, penalties, attorney's fees,

and other charges authorized by this Declaration on the Lot as to the date of the request. The Board may impose a fee for providing such documents and statement, but in no event shall the fee exceed the reasonable cost to prepare and reproduce the requested documents.

15. Any assessment imposed pursuant to the term of this Declaration, if delinquent, shall include a late charge which shall be imposed in accordance with and subject to the limitations of California Civil Code, Section 1725, as the same may be modified, revised, or amended from time to time by statute or judicial decision.

VII – MANAGEMENT: DUTIES AND POWERS OF THE ASSOCIATION:

1. All powers relating to management, operation and maintenance of the Common Area, as well as certain rights, duties, and powers relating to the individual 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 architectural control of the Property, manage and maintain the Properties (Lots and Common Area), 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 Property. The Association may do any and all other acts and things that a non-profit 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 the duties of the Association, 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.

2. 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 reasonably necessary to operate and maintain the Properties (including Common Area) and the improvements thereon, and to discharge its other duties as herein provided. Any agreement for professional management of the Association or any contract providing for services by the Declarant must provide for termination of such contract or agreement by either party with or without cause or payment of a termination fee on thirty (30) days or less written notice for a maximum contract term not to exceed one (1) year.

3. The Association shall be a non-profit corporation, and shall not engage in any business whatsoever, and its sole financial support shall be by assessment of the Owners of the Lots as herein provided.

4. The Association shall not:

- a. Advocate the election or defeat of any candidate for public office.
- b. Participate or intervene directly or indirectly in any political campaign.
- c. Advocate the adopting or rejection of any legislation, save incidentally if such may affect its overall purposes.

d. Shall not discriminate in its activities among individuals, organizations, institutions, firms, associations or corporations on the basis of race, religion, sex, region or country of origin.

e. Encourage, support or aid in any way individuals, corporations, organizations or institutions that discriminate in their activities on the basis of race, religion, sex, region or country of national origin.

5. In addition to the duties and power 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 10 and 11 of this Article, the Association acting through the Board shall:

a. Maintain and otherwise manage all of the Common Area and all facilities, improvements, and landscaping within the Common Area, including, but not limited to, private streets and drives, if any, swimming pool, spa, private lakes, entry gates, and recreation room. The responsibility of the Association to maintain all Common Areas within the Project commenced on the date of the commencement of annual assessments.

b. Maintain and procure public liability and fire insurance with extended coverage on the Properties as required by the terms of the By-Laws, and the Board shall also have the authority to maintain and procure any other type of insurance which the Board determines is in the best interest of the Association and its Members.

c. Obtain, for the benefit of the Association, all water, gas, and electric services, and refuse collection, unless such services are separately charged and metered to the individual Owners.

d. Pay taxes and assessments which are or could become a lien on the Common Area, or some portion thereof.

e. Prepare budgets, financial statements, and reserve reports annually for the Association and its Members, as prescribed in the By-Laws of the Association.

f. 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.

g. Subject to approval by a majority vote of the Members, borrow money and incur indebtedness for the purposes of the Association, and cause to be executed and delivered thereof in the Association's name promissory notes, bonds, debentures deeds of trust, mortgages, pledges, or other evidences of debt and security thereof.

h. Make available to any prospective purchaser of a Lot, any Owner of a Lot, any first mortgage and the holders, insurers and guarantors of the first mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, the rules governing the Lots and all other books, records and financial statements of the Association.

i. Permit utility suppliers to use portion of the Common Area reasonably necessary to the operation of the Properties.

6. The Association shall be responsible for:

a. Keeping and maintaining adequate fire and public liability insurance covering the Common Area.

b. The payment of taxes and assessments which are or could become a lien on the Common Area or some portion thereof.

c. Maintaining the Common Area and any improvement thereon (including furnishings and equipment related thereto) in a good, clean, attractive, and sanitary order and repair, and specifically including without limitation the private lake, located on the Common Area and the private streets and alleyways located within the Properties.

d. Maintaining those portions of Lots not occupied by a dwelling except for enclosed private patio areas.

e. Maintaining these improvements on individually owned Lots:

(1) Repainting and repairing of all exterior stucco, patio fences, and patio gates, and repainting of all exterior wood trim and wood doors on houses and garages situated on the Lots and Common Area, to the extent necessary in order to preserve the attractiveness and preservation of the properties.

(2) Maintaining house address numbers on houses and garages, and mail slots.

NOTE: The Association is not responsible for any improvements or landscaping in private patio areas, hardscape on Lots (walks, planters, etc.), exterior light fixtures, door bells, glass, metal window or door frames, hardware on metal or wood doors, metal windows, automatic garage door openers, or garage door hardware (springs, hinges, door handles), exterior doors, other than the painting of exterior wood doors.

7. In the event an Owner of any Lot within the Properties shall fail to maintain the building exterior and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval of two-third (2/3) vote of the Board of Directors, shall have the right, but not the obligation, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon and to assess the owner for all costs. This maintenance may be undertaken after the Owner of the Lot has been given notice in writing at least 72 hours prior to the work being performed and any work shall be done only during reasonable daylight hours.

8. The Association shall be prohibited without the prior vote or written assent of a majority of the voting power of the Association, from doing any of the following:

a. Incurring aggregate expenditures for capital improvements to any portion of the Properties in any fiscal year in excess of five (5%) percent of the budgeted gross expenses of the Association for that fiscal year; or

b. Selling during any fiscal year of the Association property of the Association having an aggregate fair market value greater than five (5%) percent of the budgeted gross expenses of the Association for the fiscal year; or

c. 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.

9. 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, which shall include a majority of the votes residing in Members other than the Declarant with the following exceptions:

a. A management contract, the terms of which have been approved by the Federal Housing Administrator or Veterans Administration;

b. 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

c. 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.

10. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities of public utilities, which are located within easements in the Common Area owned by such public utilities. However, the Association shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

11. 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 a reimbursement assessment. The Association rules 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 Association rules may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or By-Laws. A copy of the Association rules 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 Association rules shall be delivered to each Owner and occupant on an annual basis. The Association rules 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.

12. In the event the Board shall determine that a Lot Owner or tenant of a Lot Owner has caused damage to another Lot or to the Common Area by a negligent or willful act (or failure to act), the Owner shall be responsible for the cost of repairing such damage in accordance with such rules as the Board shall from time to time adopt. In the event of failure or refusal to pay the cost of any necessary repair to the Lots or the Common Area so damaged, the Association shall charge the cost of such repair to the Owner or tenant who caused the damage and, if not paid in a timely manner, such cost shall be deemed a Reimbursement Assessment.

VIII – EASEMENTS:

1. Easements over the Properties for the installation and maintenance of electric, telephone, water, gas, CATV and sanitary sewer lines and facilities, and for drainage facilities, as shown on the recorded map of the Properties and as may be hereafter required or needed to service the Properties, are hereby reserved by the Association, together with the right to grant and transfer the same.

2. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and there shall be valid easements for the maintenance of said encroachments so long as they shall exist. Each Lot within the Properties is hereby declared to have an easement for overhanging roofs and eaves as originally constructed by developer over each adjoining Lot and/or the Common Area and for the maintenance thereof. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall be appurtenant to the Lot being serviced and shall pass with each conveyance of said Lot.

3. Each Owner of a Lot agrees for himself and his successors and assigns that he will not in any manner interfere with the established drainage pattern over his Lot from adjoining or other Lots and Common Area, and that he will make adequate provisions for proper drainage in the event it is necessary to change the established drainage over his Lot. As used herein, the term "established drainage" shall mean and refer to the drainage which exists at the time the overall grading of the Properties, including the landscaping of each Lot, if any, was completed by the developer. Whenever overhanging roofs and eaves as originally constructed by developer encroach over an adjoining Lot (the "Servient Tenement"), the Owner of the Servient Tenement shall have an easement to install and maintain on such roofs and eaves such drainage facilities as may be necessary to protect the Servient Tenement from run-off water. The Association shall not disturb the existing storm water retention systems which exist on the Common Area at the time the Common Area is conveyed to the Association without the approval of the City of Santa Ana.

4. Developer has previously granted to the Association for the benefit of its Members, a non-exclusive easement for landscaping and general recreational purposes over that portion of each Lot located to the exterior of the foundation walls for the structures as originally constructed on each Lot by developer. Excepted from such grant of easement is that portion of each Lot which lies within the enclosed private patio area of each Lot as originally constructed by developer. The allowable uses for the property subject to the foregoing easement are restricted to landscaping (flowers, plants, laws, surface paving, sprinklers), private streets and walkways and uses associated therewith, drainage and use as a general residential, recreational

and garden area. It shall be the responsibility of the Association to maintain the property subject to the foregoing easement.

5. An easement is hereby granted the Association for its representatives to have rights of ingress and egress upon any Lot to the extent entry is necessary to carry out the repainting of the exterior surfaces of dwellings and garages situated thereon, to perform any work required in the maintenance and upkeep of the Common Area or portion of each Lot not occupied by a dwelling (except for enclosed private patio areas), or for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such manner as to interfere with the possession and enjoyment of the occupants of such Lots as little as is reasonably possible, and shall be preceded by reasonable notice whenever the circumstances permit. Entry within a building shall not be made without the consent of the occupant, unless such entry be pursuant to a valid order of court.

IX – ARCHITECTURAL CONTROL:

1. No building or other structure or additional landscaping (except landscaping within enclosed private patio areas) other than landscaping installed by Declarant, including roofs of dwellings and garages, floors of balconies, fences, and walls which are located on a Lot, shall be erected, altered, repaired, or replaced, until the building plans, specifications and plot plans showing the materials, contractor(s), adequacy of insurance and/or bonds, location elevation, and grade lines of such building or other structure, or such other description of the proposed work as shall be furnished to and approved in writing by the Board of Directors, upon recommendation by an architectural committee composed of three (3) or more representatives appointed by the Board. One set of such plans, specifications, and plot plans or other description shall be submitted to the architectural committee. The Board or its architectural committee, before giving such approval, may require that changes be made to comply with such requirements as the Board, in its absolute discretion, may impose as to the structural features of said building or other structure, the type of building material used, or other features or characteristics thereof not expressly covered by any of the provisions of this instrument, including the location of the building or other structure with respect to topography and finished ground elevation. The Board or its architectural committee may also require that the exterior finish and color, and the architectural style or character of such buildings or other structure shall be such as in the discretion of the Board shall be deemed to be suitable in view of the general architectural style and character of structure erected or to be erected in the community. The repainting of the exterior surface of any building or other structure on the Properties shall be the prime responsibility of the Association and such surfaces shall not be repainted or refinished by the Owner in a color or manner differing from the previous painting or finishing of such building or other structure until the Board or its architectural committee shall fail to approve or disapprove any plans, specifications, plot plans, or work description submitted to it within thirty (30) days after such submission, then such approval shall be deemed to have been waived. No Member may construct, repair, remove, improve, or otherwise affect any portion of the Common Area in any manner unless specifically authorized in writing by the Board of Directors.

2. Neither the Association, the Board of Directors, the architectural committee, nor any Member thereof shall be responsible for structural or other defects of any kind or nature in

said plans or specifications, or in the structure and improvements erected in accordance therewith.

3. The Board shall, from time to time, adopt and promulgate Architectural Standards to be administered through its Architectural Committee. If the Architectural Standards so provide, no improvement, alteration, or addition shall be commenced, erected or maintained upon the Properties, nor shall there be any addition to or change in the exterior of any Lot, structure or other improvement, unless plans and specifications therefor have been submitted to and approved by the Board. The Architectural Standards shall include among other things those restrictions and limitations upon the Owners set forth below:

a. Time limitations for the completion of the architectural improvements for which approval is required pursuant to the Architectural Standards.

b. Conformity of completed architectural improvements to plans and specifications approved by the Board, provided, however, as to purchases and encumbrances in good faith and for value, unless notice of noncompletion or nonconformance identifying the violating Lot and its Owner and specifying the reason for the notice, executed by the Board, shall be filed of record in the Office of the County Recorder of Orange County, California, and given such Owner within thirty (30) days of the expiration of the time limitation described in subsection a. above, or unless legal proceedings shall have been instituted to enforce compliance or completion within said thirty (30) day period, the completed architectural improvements shall be deemed to be in compliance with plans and specifications approved by the Board and in compliance with the Architectural Standards of the Association, but only with respect to purchasers and encumbrances in good faith and for value.

c. Such other limitations and restrictions as the Board in its reasonable discretion shall adopt, including, without limitation, the regulation of the following: construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, including, without limitation, the nature, kind, shape, height, materials, exterior color and surface, and location of such dwelling or structure.

4. The members of such committee shall not be entitled to any compensation for services performed pursuant to this covenant. The powers and duties of such committee shall cease on and after fifty (50) years from the date of the recording of this Declaration. Thereafter the approval described in this covenant shall not be required unless, prior to said date and effected thereon, a written instrument shall be executed and duly recorded by then record Owners of a majority of the Lots appointing a representative or representatives who shall thereafter exercise the same power previously exercised by said committee. Said representatives may be members of the Board of Directors of the Association.

5. In the event plans and specification submitted to the Architectural Committee are not recommended for approval, thereby, the party or parties making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the recommendation of the Architectural Committee. The Board shall submit each request to the appropriate Architectural Committee for review, whose written recommendations will be submitted to the Board within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to

render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant.

X – BREACH:

1. Breach of any of the covenants contained in this Declaration and the continuation of any such breach may be enjoined, abated, or remedied by appropriate legal proceedings by any Owner, by the Association, or the successors in interest of the Association.

2. The result of every act or omission whereby any of the covenants contained in this Declaration are 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 any Owner, by the Association, or its successors in interest.

3. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

4. The failure of the Association to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

5. A breach of the covenants contained in this Declaration shall not affect or impair the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on any Lot or the improvements thereon, provided, however that any subsequent Owner of such Lot shall be bound by said covenants, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

6. Legal Proceedings: Failure to comply with any of the terms of this Declaration, or the Articles, By-Laws or Rules adopted by the South Coast Shores Homeowners Association shall be grounds for relief which may include, without limiting same, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof, which relief may be sought by the Association or, if appropriate, by an aggrieved Lot Owner. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision, or any other provision hereof. Any Lot Owner not at the time in default hereunder shall be entitled to bring an action for damages against any defaulting Lot Owner, and in addition may enjoin any violation of this Declaration. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in such amount as the court may deem reasonable, in favor of the prevailing party.

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, and addressed to the Owner of such Lot at the most recent address furnished by such Owner in writing for the purpose of giving notice, or if no such address shall be furnished, then to the street address of such Lot, and any notice so deposited in the mail within Orange 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 of Directors, 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 Orange County, California, shall be deemed delivered forty-eight (48) hours after such deposit.

XII – COMMON WALLS:

1. Each wall which is built as part of the original construction of the homes upon the Lots and is placed on the Lot so as to abut or adjoin a dwelling constructed on a contiguous Lot, shall constitute a common wall and to the extent not inconsistent with the provisions of this Article, the general rules or law regarding common wall and of liability for property damage due to negligence or willful acts or omissions shall apply thereto. Each Owner of a Lot upon which there exists a common wall shall own to the center of such wall,

2. The Owner of each Lot upon which there is located a common wall shall have a reciprocal non-exclusive easement to each contiguous Lot for the purpose of maintaining the common wall. The cost of reasonable repair and maintenance of a common wall shall be shared by the Owners who make use of the wall in proportion to such use.

3. If a common wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

4. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the common wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

5. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

6. In the event of any dispute arising concerning a common wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decisions of a majority of all the arbitrators shall be final and conclusive of the questions involved.

XIII – PARTITION:

An action may be brought by one or more Owners of the Lots for partition of said Properties by sale of the entire Properties, as if the Owners of all of the Lots in such Property

were tenants-in-common in the entire Property in the same proportion as their interests in the Common Area, provided, however, that a partition shall be made only upon the showing of the occurrence of any one of the events provided in Section 1354 of the California Civil Code, as the same may be modified, amended or superseded. Nothing herein contained shall prevent the partition or division of interests between joint or common Owners of one Lot. Notwithstanding anything to the contrary contained in this Declaration, no Lot in the Properties may be partitioned or subdivided without the prior written approval of the Institutional Holder of the First Mortgage on such Lot.

XIV – SEVERABILITY:

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

XV – PROHIBITION AGAINST SEVERABILITY OF COMPONENT INTEREST IN ASSOCIATION:

No Owner shall be entitled to sever his Lot from his fractional undivided interest in the Common Area nor shall the respective undivided interests established and to be conveyed with each respective Lot be changed. The fractional undivided interest or interests in the Common Area and the fee title to the respective Lots conveyed therewith together with any exclusive easements appurtenant to each Lot shall not be separated, severed or separately conveyed, encumbered or otherwise transferred, and each such undivided interest in the Common Area shall conclusively be deemed to be conveyed, transferred or encumbered with its respective Lot even through the description in the instrument of conveyance or encumbrance may refer only to the Lot. It is intended hereby to restrict severability of the various components of a Lot in the manner provided by Section 1355(g) of the Civil Code of California. Nothing herein contained shall be construed to preclude an Owner of any Lot from creating co-tenancy in the ownership of a Lot with any other person or persons.

XVI – DESTRUCTION OF IMPROVEMENTS:

1. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Properties, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to this Declaration shall be used for such purpose, unless otherwise provided herein. The Board of Directors shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Properties shall be reconstructed or rebuilt substantially in accordance with the original plans and specifications if they are available, unless changes recommended by the Board have been approved in writing by seventy-five (75%) percent of the voting power of the Association. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least eighty-five (85%) percent of the estimated cost of restoration and repair, a reconstruction assessment of the Owners may be levied by the Board of Directors to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. The Owner of each Lot shall be levied an equal amount of the deficiency between insurance proceeds and the amount required for reconstruction. In the event that the amount available from

the proceeds of such insurance policies for such restoration and repair shall be less than eighty-five (85%) percent of the estimated cost of restoration and repair, the Owners entitled to vote, in person or by proxy, at a duly constituted meeting of the Members of the Association shall, by the vote of not less than seventy-five (75%) percent of the total voting power of the Association, determine whether the Association be authorized to proceed with such restoration and repair. In the event of a determination by the Owners as provided above that the cost of such restoration and repair would be substantial and that it would not be in their best interests to proceed with the same, the Owners may, at their discretion, proceed as provided in Section 2 below.

2. A certificate of the resolution authorizing such reconstruction shall be filed with the Orange County Recorder within six (6) months from the date of such destruction and in the event of a failure to record such certificate within said period, it shall be conclusively presumed that the Owners have determined not to rebuild said improvements. The net proceeds, if any, of insurance carried by the Association on the Project shall be distributed among the Owners and the individual lenders by the Board as their respective interests may appear, provided that the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Lot is so encumbered. The proportionate interest of the Owners of the respective Lots sharing in any such award shall be based upon the respective fair market value of all of the Lots in the Properties sharing in the distribution. The proportionate value of the Owners of the respective Lots for purposes of this Section shall be based upon the respective fair market value of each Lot at the time of destruction as determined by the Board based on an appraisal prepared by an appraiser who is a MAI (member of the American Institute of Real Estate Appraisers).

3. No Owner shall have the right to partition off his interest in his Lots and there shall be no judicial partition of the Properties, or any part thereof; except that in the event that a certificate of a resolution to rebuild or restore has not been recorded as provided above, within six (6) months from the date of any partial or total destruction, or if restoration has not actually commenced within said period, then conditions for partition as set forth in Section 1354 of the California Civil Code shall be deemed to have been satisfied. Nothing herein shall be deemed to prevent the partition of a co-tenancy in any Lot. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Lots and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Properties and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

4. The Board of Directors, immediately upon having knowledge of any damage or destruction to the Properties, the Lots, the Common Areas, or any portion thereof, shall promptly notify all affected Owners, all affected Institutional Holders of First Mortgages on Lots in the Properties, and all other affected mortgagees who have filed a written request for such notice with the Board of Directors. In the event of a determination to rebuild the Project after partial or total destruction as provided in this Article, the number of Lots in the Properties as rebuilt may not exceed the number of Lots as shown on the Development Plan.

5. In the event that reconstruction is to take place pursuant to this Article, the Board shall have the power to record an amendment to the Development Plan so that the Lots conform to the Lots as designed to be reconstructed. In the event that the Board of Directors, together

with said Mortgagees, if appropriate, decides to record such amendment to the Development Plan, all Owners within the Properties and the Institutional Holders of First Mortgages in the Properties shall execute and acknowledge said amendment so that it will comply with Section 1351 of the California Civil Code or any similar statute then in effect. The Owners and Institutional Holder of First Mortgages shall also execute such other documents or take such other actions as required to make such amendment effective.

XVII – EMINENT DOMAIN:

1. The term “taking” as used in this Article shall mean condemnation by eminent domain, or by sale under threat thereof, of all or part of the Properties.

2. In the event of a taking, the Board of Directors shall with the approval of two-thirds (2/3) of the homeowner membership and subject to the right of all Institutional Holders of First Mortgages who have requested the right to join the Board of Directors in the proceedings, represent all of the Members in an action to recover all awards. No Member shall challenge the good faith exercise of the discretion of the Board of Directors in fulfilling its duties under this Article. The Board of Directors is further empowered, subject to the limitations herein, as the sole representative of the Members, in all aspects of condemnation proceedings not specifically covered herein.

3. In the event of a taking of Lots, the Board of Directors shall distribute the award forthcoming from the taking authority according to the provisions of this Section after deducting therefrom fees and expenses related to the condemnation proceeding including, without limitation, fees for attorneys and appraisers and court costs. In the event that the taking is by judgment of condemnation and said judgment apportions the award among the Owners and their respective Institutional Holders of First Mortgages the Board of Directors shall distribute the amount remaining after such deductions among such Owners and Institutional Holders of First Mortgages on the allocation basis set forth in such judgment. In the event that the taking is by sale under threat of condemnation, or if the judgment of condemnation fails to apportion the award, the Board of Directors shall distribute the award among the Owners based upon the proportionate fair market value that each of the Lots bears to the total market value of all Lots in the Properties. The value of the respective Lots for purposes of this Section shall be based upon the relative estimated value of each Lot as determined by the Board of Directors based on an appraisal prepared by an appraiser who is a MAI (member of the American Institute of Real Estate Appraisers).

4. The Board of Directors is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

5. Upon a taking which renders more than fifty (50%) percent of the Lots in any Properties incapable of being restored to at least ninety-five (95%) percent of their floor area and substantially their condition prior to the taking, the right of any Owner within such Properties to partition through legal action as described in the Article hereof entitled “Partition” shall forthwith revive. The determination as to whether Lots partially taken are capable of being so restored shall be made by the Board of Directors, whose decision shall be final and binding on all Owners and Institutional Holders of First Mortgages.

6. Where all or part of the Property is taken, each Member shall have the exclusive right to claim all of the award made for his personal property, and any relocation, moving expense, or other allowance of a similar nature designed to facilitate relocation. Notwithstanding the foregoing provisions, the Board of Directors shall represent each Member in an action to recover all awards with respect to such portion, if any, of Members' personal property as is at the time of any taking, as a matter of law, part of the real estate comprising any Lot, and shall allocate to such Member so much of any awards as is attributable in the taking proceedings, or failing such attribution, attributable by the Board of Directors to such portion of Members' personal property.

7. The Board of Directors, immediately upon having knowledge of any taking or threat thereof with respect to the Property, or any portion thereof, shall promptly notify all Members.

8. In the event of a taking, the Board of Directors may amend the Development Plan to reflect the change in the Properties affected by a taking. In the event that the Board of Directors decides to record such amendment to the Development Plan, all Owners within such Property or Properties and the record holders of all security interests in such Property or Properties shall execute and acknowledge said amendment so that it will comply with Section 1351 of the California Civil Code or any similar statute then in effect. Said Owners and Institutional Holders of First Mortgages shall also execute such other documents or take such other actions as required to make such effective. The Board of Directors shall cause a notice of change in the Development Plan to be sent to each Owner and Institutional holders of a First Mortgage in the Properties within ten (10) days of the filing of such amendments in the County Recorder's Office of Orange County, California.

XVIII – TERM, SCOPE, DURATION AND AMENDMENT:

1. This Declaration and the covenants herein contained shall be in effect until January 1, 2023, and shall be automatically extended for successive periods of ten (10) years unless within six (6) months prior to the expiration of the initial term of any ten (10) years renewal period a written agreement executed by the then record Owners of more than three-fourths (3/4) of the Lots shall be placed on record in the Office of the County Recorder of the County of Orange 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 Properties then subject thereto.

2. This Declaration may be amended only by the affirmative vote of not less than seventy-five (75%) percent of the voting power of the Association. Any amendment must be recorded.

XIX – LANDSCAPING EASEMENT:

1. Attached hereto, as Exhibit B, and incorporated herein by reference, is an Easement Plan for Lots 1 through 182 of Tract No. 7711, which sets forth and denotes the typical location of easements approximately five (5) feet in width created by this Declaration and which are in favor of various Lots within the Properties. Said easements are for garden and landscaping purposes.

2. Said easements on Lots within Tract No. 7711, which are hereby created by this Declaration, shall be subject to the following terms and conditions as to the purposes and uses of same, both by the dominant tenement (the Owner of the easement) and the servient tenement (the Owner of the fee under the easement):

a. Allowable uses are restricted to landscaping (flowers, plants, lawn, surface paving, sprinklers), drainage, and use as a general residential, recreational and garden area.

b. No other uses will be permitted.

c. The Owner (servient tenement) of the fee under the easement shall have the right of roof over-hang, and the Association shall have the right at all reasonable times to enter the easement area after giving notification to homeowners as set forth herein, including crossing over the dominant tenement property for such entry, in order to perform work related to the use of the servient tenement property.

d. The Owner (dominant tenement) of the easement shall not attach any object to a wall or building which belongs to the Owner (servient tenement) of the fee under the easement, or disturb the grading in any manner which would endanger the servient tenement property. Notwithstanding the foregoing, the Owner (dominant tenement) of the easement shall have the right to install and maintain on the eaves of any roof which drains onto this easement area such drainage facilities as may be necessary to protect the dominant tenement from run-off water.

e. It shall be the responsibility of the Owner (dominant tenement) of the easement to maintain the surface of the property subject to the easement.

XX – CONFLICTS:

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

XXI – CAPTIONS:

The titles or headings of the Articles or Paragraphs of this Declaration are not a part hereof and shall have no effect upon the construction or interpretation of any part thereof.

XXII – CITY'S LIEN:

The City of Santa Ana, California, a municipal corporation (the "City"), in consideration of authorizing the development of the Properties may enforce the provisions of this Declaration relating to the covenants pertaining to the Common Area within the subdivision in the event Declarant and its successors and assigns (including the Association) shall fail to maintain the Common Area within the subdivision. The City assumes no obligation to enforce any of the covenants, conditions and restrictions contained herein. The rights of the City to enforce the covenants as they relate to maintenance of the Common Area shall only accrue in the event the Common Area, together with all improvements thereon, specifically including, but not limited to

the artificial lake, is not maintained in an orderly manner which would constitute either a public or private nuisance.

The City, in the event the Common Area is not properly maintained in accordance with generally accepted standards for maintenance of artificial lake, lawns, shrubs, trees and green areas and all improvements contained within the Common Area (including without limitation recreational buildings, streets, curbs, sidewalks and other facilities), may make and enforce assessments which shall be a lien against the Lots within the Properties, and Declarant hereby acknowledges on behalf of itself, its successors and assigns that any such assessment shall be a lien against the Lots within the Properties on which there has been a default in maintenance of the Common Area, the Properties, or property annexed hereto. This lien of the City on each Lot may be enforced by civil action or foreclosure of lien or any other remedy provided by law.

CERTIFICATE

The undersigned President and Secretary of the Association hereby certify that the above constitutes a Restatement of the Declaration of Covenants, Conditions and Restrictions of the South Coast Shores Homeowners Association, and is intended to incorporate and restate, without amending or otherwise altering any material term therein, all of the terms and provisions of the Declaration and all amendments thereto. As required by *Government Code §27288.1*, a list of the assessed Owners is attached hereto as Exhibit "A".

2-27-08

Date: 1-25, ²⁰⁰⁸~~2007~~

K. Espinoza

By K. Espinoza
President

Date: 1-25, ²⁰⁰⁸~~2007~~

By M. S. [Signature]
Secretary

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of ORANGE

On 2/27/08 before me, VALERIE GRAVES, NOTARY
Date Here Insert Name and Title of the Officer

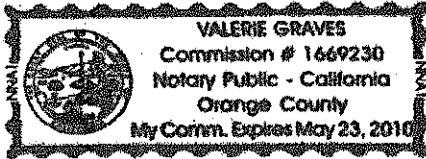
personally appeared KRISTEEN JANE ESPINOSA
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Valerie Graves
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Restated Declaration of CC + R's South Coast Shores Assoc
 Document Date: 2-19-08 Number of Pages: 26

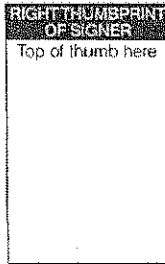
Signer(s) Other Than Named Above: Michael James Sanders (not notarized by me)

Capacity(ies) Claimed by Signer(s)

Signer's Name: Kristeen Jane Espinosa
 Individual
 Corporate Officer — Title(s): PRES.
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: South Coast Shores Homeowners Assn
 Signer Is Representing: _____



Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____
 Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On February 19, 2008 before me, D.A. Gemeinhardt
Date Here Insert Name and Title of the Officer

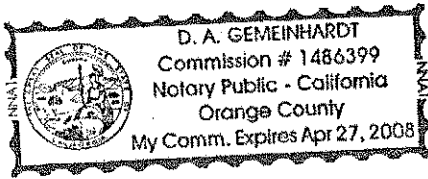
personally appeared Michael James Sanders
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Restated Declaration of Covenants, Conditions, and Restrictions
South Coast Shores Homeowners Association
Document Date: Dated signed January 25, 2008 Number of Pages: 26
First page dat written 2/19/08
Signer(s) Other Than Named Above: K. Espinoza (Not notarized by me)

Capacity(ies) Claimed by Signer(s)

Signer's Name: Michael James Sanders
 Individual
 Corporate Officer — Title(s): Secretary
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____



Signer Is Representing: South Coast Shores Homeowners Association

Signer's Name: _____
 Individual
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Attorney in Fact
 Trustee
 Guardian or Conservator
 Other: _____



Signer Is Representing: _____