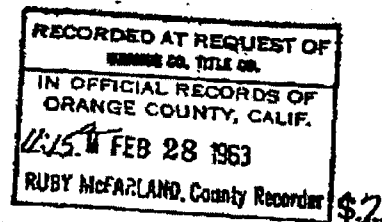


DECLARATION OF RESTRICTIONS

THE UNDERSIGNED, owner of that certain real property situated in the State of California, County of Orange, described as follows:

Lots 1 thru 445 inclusive of Tract No. 4416, as shown on a Map recorded in Book 175, pages 48, 49 and 50 of Miscellaneous Maps, records of Orange County, California,

hereby covenants, agrees and declares that all of said lots and property are and will be held, sold and conveyed subject to the following covenants, conditions and restrictions, which are hereby declared to be for the benefit of the whole tract and all of the property described herein, and the owners thereof, their successors and assigns. Said restrictions establish and impose a general plan for the improvement and development of said tract and all of the property described herein and the adoption and establishment of covenants and restrictions upon said land and each and every lot and portion thereof and upon the use, occupancy and enjoyment thereof. Every conveyance of any of said lot or lots or property or portion thereof in said tract of land shall be and is subject to the said covenants, conditions and restrictions, as follows:

1. Said premises are hereby restricted to residential dwellings or apartments for residential use. All buildings or structures erected upon said premises shall be of new construction and no buildings or structures shall be moved from other locations onto said premises, and no subsequent buildings or structures other than town houses, commonly known as row houses being dwelling units joined together by common party walls, shall be built on any parcel where the Developer theretofore programmed and constructed a town house. No structures of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any lot at any time as a residence either temporarily or permanently.

2. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred, or maintained for any commercial purpose.

3. No advertising signs (except one of not more than five square feet "For Rent" or "For Sale" sign per parcel), billboards, unsightly objects, unsightly appearance or nuisance shall be erected, placed or permitted to remain on any of said lots, nor shall the premises be used in any way or for any purpose which may endanger the health or unreasonably disturb the holder of any parcel in the subdivision. Further, no business activities of any kind whatever shall be conducted in any building or in any portion of the premises. Provided further, however, the foregoing covenants shall not apply to the business activities, signs and billboards, if any, by the Developer, its agents and assigns during the construction and sale period, and by the Huntington Continental Town Home Association, Inc., a non-profit association incorporated or to be incorporated under the laws of the State of California, its successors and assigns (hereinafter referred to as the Association), in furtherance of its powers and purposes as hereinafter set forth.

4. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above the roadway shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight-line limitations shall apply on any lot within ten feet from the

intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines. No fence or wall shall be erected, placed or altered on any parcel nearer to any front street than the minimum front building setback line.

5. All clotheslines, equipment, garbage cans, service yards, woodpiles or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of neighboring parcels and streets. All rubbish, trash, or garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon.

6. No fences, hedges or walls shall be erected or maintained upon said premises, except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Architectural Committee in the manner set forth in paragraph 7 hereof.

7. Should any deed or grant to a homeowner include property other than that upon which the dwelling unit is situated including the rear patios, the homeowner will, upon request of the Association, convey without charge such land to the Association. It is anticipated that residential dwelling units will be constructed on various parcels within the subdivision property and that the ownership of individual units shall be evidenced by a deed of the parcel upon which each unit is situated. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of commonly-used areas including recreation and parking areas and walks shall be taken by the Association. The powers, rights and duties of the Association shall be as follows, and as may be adopted in its Articles of Incorporation and By-Laws not inconsistent herewith:

(a) Membership in the Association, except for membership of the incorporators and the first Board of Directors, shall be limited to owners of record of parcels of land within said subdivision upon which dwelling units are constructed or planned to be constructed.

In the event any such parcel is owned by two or more persons, whether by joint tenancy, tenancy in common or otherwise, the membership as to each parcel shall be joint and a single membership for such parcel shall be issued in the names of all and they shall designate to the Association in writing at the time of issuance, one of their number who shall hold the membership and have the power to vote said membership, and in the absence of such designation and until such designation is made, the Board of Directors of the Association shall make such designation.

(b) The Association shall hold title in fee or in permanent easement for such use to said various parking areas and streets and rights of way in the subdivision, and such other areas as may be acquired by it and be set aside and maintained for the use, enjoyment or convenience of the owners of parcels in the subdivision, and such other parcels within the subdivision it acquires in furtherance of its powers and purposes as set forth herein.

(c) The Association shall maintain and otherwise manage the landscaping, parking areas, streets and recreational facilities and exteriors of the buildings located upon the areas described in paragraph 7(b) above, and upon any other properties which may be acquired by the Association, and shall pay all real estate taxes or other charges which may be assessed against or levied upon said lands, whether the Association has title in fee or in a permanent easement for parking, and shall maintain and otherwise manage the landscaping and rubbish removal of all other areas in the subdivision, and the Association, for itself, its agents and assigns, is hereby granted the right and easement to enter in and upon all lawn and walk areas within the subdivision at reasonable intervals as may be established from time to time by the Association in furtherance of the above purposes.

(d) The owner of record of each parcel in said Sub-division upon which a dwelling unit has been constructed and conveyed by the Developer or its assigns, for himself, his heirs, successors and assigns; covenants that each such parcel shall entitle the owner or owners thereof to one membership in the Association for himself and his family residing in the residence on such parcel, which membership shall be subject to all of the provisions of the Association's Articles of Incorporation and By-Laws and these restrictions as now in effect or duly adopted and amended. Said owner of each such parcel, for himself, his heirs, successors and assigns, further covenants that each such parcel shall be subject to an assessment in an amount to be determined by the Association in the following manner:

- [1] By voluntary subscription or pledge or contribution to be used for the specific and primary purposes of such Association;
- [2] Such parcel's pro-rata share of the actual cost to the Association of all repair and maintenance of areas owned by the Association and areas owned by others and the payment of taxes and other charges required by paragraph 7(c) hereof;
- [3] Such parcel's pro-rata share of the actual cost to the Association of such recreational facilities as may from time to time be provided by the Association;
- [4] Such parcel's pro-rata share of such sum as the Board of Directors of the Association shall determine to be fair and prudent for the establishment and maintenance of a reserve for repair, maintenance, taxes, and other expenses of the Association, and other charges as specified in paragraph 7(a) hereof, including a liability insurance premium for a liability insurance policy in face amount of not less than \$100,000-
\$300,000, which policy, in addition to public liability, shall cover repair and construction work to all of the assets and property of the Association. The disposition of insurance proceeds shall be made upon majority vote of the Board of Directors but in all events shall be used to and for the purpose of the Association;
- [5] Such parcel's pro-rata share of such additional sum as the Board of Directors of the Association shall determine to be necessary to meet the specific and primary purpose of the Association;
- [6] Said pro-rata share shall be determined by dividing the number of parcels upon which dwelling units have been constructed and conveyed to residential owner-occupants by the Developer or its assigns into the total amount determined under subparagraphs [2], [3], and [4] & [5] above.

Invoices for such pro-rata amount determined pursuant to [2], [3], [4], [5] and [6] hereof shall be submitted to said owners monthly or at such other regular intervals as may be fixed by the Association but the said pro-rata amount shall not exceed \$150.00 per parcel per year for the first five years after incorporation of the Association. Said maximum pro-rata amount, however, may be increased or modified thereafter by vote of the majority of the members of the Association at any meeting called for that purpose.

Each said owner, for himself, his heirs, successors and assigns, covenants that with respect to charges so determined during the period he is an owner, he will pay this charge to the Association within ten days of receipt of an invoice for same, and further cov-

enants that said charge shall, if not paid within thirty days from the date said invoice is deposited, postage prepaid, in the United States mails addressed to such owner or his voting designee, become a lien upon said owner's parcel and shall continue to be such lien until fully paid. Each such owner, by his acceptance of a deed to a parcel in the subdivision, which such deed shall recite that it is subject to the covenants, conditions and restrictions herein set forth in this Instrument, hereby expressly vests in the Association the right and power to bring all actions against such owner for the collection of such charge and to enforce the aforesaid lien by all methods available for the enforcement of such liens and such owner hereby expressly grants to the Association a power of sale in connection with said lien.

(e) In the event said owner of any parcel shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, the Association, after approval of the decision of the Board of Directors by affirmative vote of a least fifty per cent (50%) of the membership present at any meeting called for this purpose, shall have the right, through its agents and employees, to enter upon such parcel and to repair, maintain, rehabilitate, and restore the premises and the exterior of any improvement thereon. Each owner, for himself, his heirs, successors and assigns, covenants that the costs thereof shall be an assessment upon the premises so repaired, maintained, rehabilitated or restored, and that he will pay the Association said charge in the time and the manner set forth in paragraph (d) for the payment of charges therein to the Association and that said charge shall become a lien on the premises in the time and manner and be subject to foreclosure as set forth in said paragraph (d). It is further provided that the Association shall have the right to pay and discharge the debt of any contractor or materialman furnishing labor or materials in connection therewith and the Association shall then be subrogated to all rights which such contractor or materialman may have against each such owner, in addition to the other rights and powers of the Association as heretofore set forth.

(f) The membership of the Association held by any owner of a parcel in said subdivision shall not be transferred, pledged or alienated in any way, except upon the sale of such parcel and then only to the purchaser of such parcel. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the owner of any parcel should fail or refuse to transfer the membership registered in his name to the purchaser of such parcel, the Association shall have the right to record the transfer upon the books of the Association and issue a new certificate to the purchaser and thereupon the old certificate outstanding in the name of the seller shall be null and void as though the same had been surrendered.

(g) No exterior additions or alterations to any building nor changes in fences, hedges, walls and other structures shall be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate cost of same shall have been submitted to and approved in writing as to conformity and harmony of external design and location with existing structures in the subdivision by an architectural committee composed of the Board of Directors of the Association, or by a representative designated by the Board of Directors. In the event said committee, or its designated representative, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, and if no suit to enjoin the making of such alterations or changes has been commenced prior to the completion thereof, such approval will not be required and this paragraph will be deemed to have been fully complied with. Neither the members of such committee nor its designated representative shall be entitled to compensation for services performed pursuant to this paragraph.

(h) The foregoing provisions of subparagraphs (b) through (g) of paragraph 7 and the responsibilities of the Association and the owners of parcels as set forth therein shall not be applicable to any parking area until such parking area, or the Developer's interest therein if the parking area is a permanent easement, is conveyed to the Association by the Developer and shall not be applicable to any parcels in said subdivision prior to the time a dwelling unit is constructed thereon and conveyed by the Developer, or its assigns to a residential owner-occupant, and shall not be applicable to parcels 153 through 159, inclusive, upon which modal dwelling units have been constructed, until such parcels are conveyed to residential owner-occupants. Prior to the conveyance to residential owner-occupants of dwelling units which are constructed but not sold, the owner of the property shall be responsible for the maintenance of such dwelling units in a manner typical to the average maintenance of dwelling units in the subdivision.

8. The rights and duties of the owners of parcels within this subdivision with respect to party walls shall be governed by the following:

(a) Each wall which is constructed as a part of the original construction on the subdivided property and any part of which is placed on the dividing line between separate parcels of the various tracts in said subdivision shall constitute a party wall, and with respect to such wall, each of the adjoining owners shall assume the burdens and be entitled to the benefits of these restrictive covenants, and, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto.

(b) In the event any such party wall is damaged or destroyed through the act of one adjoining owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining owner of the full use and enjoyment of such wall, then the first of such owners shall forthwith proceed to rebuild and repair the same to as good condition as formerly without cost to the adjoining owner.

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining owners, his agents, guests or family (including ordinary wear and tear and deterioration from lapse of time) then in such event, both such adjoining owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense.

(d) In addition to meeting the other requirements of these restrictive covenants and of any building code or similar regulations or ordinances, any owner proposing to modify, make additions to or rebuild his residence in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining owner.

(e) In the event of a dispute between owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by each of the owners and the third by the two so chosen, or if they cannot agree within five days, then by any Judge of the Orange County Superior Court. A determination of the matter signed by any two shall be binding upon all purchasers, who shall share the cost of arbitration equally.

(f) These covenants shall remain in full force and effect until modified or abrogated as to any particular party wall by the agreement of all persons that have an interest therein.

(g) These covenants shall be binding upon the heirs and assigns of any owners, but no person shall be liable for any act or omission respecting any party wall except such as took place while an owner.

9. The rights and duties of the owners of parcels within this subdivision with respect to sanitary sewer and water, electricity, gas and telephone shall be governed by the following:

(a) Wherever joint sanitary sewer house connections and/or joint water house connections or electricity, gas, or telephone lines are installed within the subdivision, which connections, or any portion thereof, lie in or upon parcels owned by others than the owner of a parcel served by said connections, the owners of any parcel served by said connection shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon parcels or to have the utility companies enter upon the parcels within the subdivision in or upon which said connection, or any portion thereof, lies to repair, replace and generally maintain said connection as and when the same may be necessary as set forth below.

(b) Wherever joint sanitary sewer house connections and/or joint water house connections or electricity, gas, or telephone lines are installed within the subdivision, which connections serve more than one parcel, the owners of each parcel served by said connection shall be entitled to the full use and enjoyment of such portions of said connection as services his parcel.

(c) In the event any portion of said connection or line is damaged or destroyed through the act of an owner or a parcel being served by said connection, or any of his agents or guests or members of his family, whether or not such act is negligible or otherwise culpable, so as to deprive the other owners being served by said connection of the full use and enjoyment of said connection, then the first of such owners shall forthwith proceed to replace or repair the same to as good condition as formerly without cost to the other owners served by said connection.

(d) In the event any portion of said connection or line is damaged or destroyed by some cause other than the act of any of the adjoining owners, his agents, guests, or members of his family (including ordinary wear and tear and deterioration from lapse of time) then in such event if said damage or destruction shall prevent the full use and enjoyment of said connection by the owner of a parcel served by said connection, all such owners who are thereby deprived of said use and enjoyment shall proceed forthwith to replace or repair said connection to as good condition as formerly at their joint and equal expense.

(e) In the event of a dispute between owners with respect to the repair or rebuilding of said connection or with respect to the sharing of the cost thereof, then upon written request of one of such owners addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by each of the owners and the third by the two so chosen, or if they cannot agree within five days, then by any judge of the Orange County Superior Court. A determination of the matter signed by any two shall be binding upon all such owners, who shall share the cost of arbitration equally.

(f) These covenants shall be binding upon the heirs and assigns of the owners, but no persons shall be liable for any act or omission respecting any said connection except such as took place while an owner.

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11. The covenants, restrictions, reservations and conditions contained herein shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing or occupying any lot or lots in said subdivision, their heirs, executors, administrators, successors and assigns. After the date on which this instrument has been recorded, these covenants, restrictions, reservations and conditions may be enforced by the Association which shall have the right and duty to enforce same and expend Association moneys in pursuance thereof, and also may be enforced by the owner of any parcel in said subdivision or any one or more of said parties; provided however any lien arising pursuant to paragraph 7(d) and 7(e) hereby shall be junior and expressly subject to the lien or any mortgage made in good faith and for value upon said land given in connection with the purchase of said parcel from the Developer, its successors or assigns, and provided further that any breach of said covenants, restrictions, reservations and conditions, or any right of entry by reasons thereof, shall not defeat or affect the lien of said mortgage, but except as hereinafter provided each and all of said covenants, restrictions, reservations and conditions, shall be binding upon and effective against any owner of said premises whose title thereto is acquired by foreclosure, sheriff sale or otherwise, except that said purchaser who acquires title through foreclosure or by deed given in lieu of foreclosure shall take title to said premises free of the lien hereof for all said charges pursuant to paragraph 7 that have accrued up to the time of foreclosure or deed given in lieu of foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to the foreclosure or deed given in lieu of foreclosure, and provided also that the breach of any said covenants, restrictions, reservations and conditions may be enjoined, abated, or reviewed by appropriate proceedings, notwithstanding the lien or existence of any such mortgage. All instruments of conveyance of any interest of all or any part of said subdivision shall contain reference to this instrument and shall be subject to the covenants, restrictions, reservations and conditions herein as fully as though the terms and conditions of this instrument were therein set forth in full, provided that the terms and conditions of this instrument shall be binding upon all persons affected by its terms, whether express reference is made to this instrument or not. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.

11. Invalidation of any one of these covenants, restrictions, reservations, or conditions or portions thereof by judgment or court order shall in no way affect the validity of any of the other provisions or portions thereof and the same shall remain in full force and effect.

12. The word "he" wherever used in this instrument shall be used as synonymous with the words "she", "it" and "they" and the word "his" synonymous with the words "her", "its", and "their".

13. These covenants, restrictions, reservations and conditions shall remain in full force and effect for a period of twenty-five years from the date hereof. Thereafter, they shall be deemed to have been removed for successive terms of ten years, unless revoked or amended by an instrument in writing, executed and acknowledged by the owners of not less than three-quarters of the parcels in said subdivision which said instrument shall be recorded in the office of the Register of Deeds, Orange County, California, within ninety days prior to the expiration of the initial effective period hereof or any ten year extension.

Dated this 13 day of February, 1963.

HUNTINGTON BEACH LAND COMPANY, a corporation

By: Jack W. Pelt Vice President

By: Byron H. Cook Secretary

