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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

DALE POE DEVELOPMENT CORPORATION

LOS ANGELES COUNTY

TRACT NO. 40259

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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
TRACT NO. 40259

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 29 day of MARCH, 1982, by DALE POE DEVELOPMENT CORPORATION, a California corporation ("Declarant").

R E C I T A L S:

A. Declarant is the owner of certain real property in the County of Los Angeles, State of California, more particularly described in the tract map comprising said property; Tract 40259, recorded in Los Angeles County on March 18, 1981, in Book 975, page 84, official records, and comprised of 200 condominium lots, referred to herein as the "Properties".

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

C. Declarant has deemed it desirable for the efficient preservation of the value, desirability and attractiveness of the Properties, pursuant to the provisions of this Declaration, to create a corporation to which should be delegated and assigned the powers of maintaining certain common area within the Properties as hereinafter provided, and administering and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to.

D. CHATEAU PARK HOMEOWNERS ASSOCIATION, a nonprofit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.

E. Declarant will convey title to all of the lots in the Properties subject to certain protective covenants, conditions and restrictions hereinafter set forth.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of the Properties shall be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements which are hereby declared to be for the benefit of the whole tract and all of the Properties and the owners thereof, their successors and assigns. These covenants, conditions, restrictions and easements shall run with the Properties and shall be binding on all parties having or

acquiring any right, title or interest in the Properties or any part thereof and shall inure to the benefit of each owner thereof and are imposed upon the Properties and every part thereof as a servitude in favor of each and every parcel thereof as the dominant tenement or tenements.

DEFINITIONS

Section 1. Properties. The term "Properties" as used herein shall mean and refer to that certain real property in the County of Los Angeles, State of California, described as Lots I through 200, inclusive, of Tract No. 40259, as per map recorded in Book 975, page 84 of Maps, Records of Los Angeles County.

Section 2. Lot. The term "lot" as used herein shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties which has been approved by the County of Los Angeles (with the exception of the public streets or alleys and the Common Area).

Section 3. Common Area. The term "Common Area" as used herein shall mean and refer to Lots 457 and 458 of Tract 40259. The Common Area shall be conveyed to the Association prior to the conveyance by Declarant of the first lot in the Properties to an Owner. Control of the Common Area shall be turned over to the Association as of the date of transfer of title to the Common Area to the Association.

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

Section 5. Owner. The term "Owner" as used herein shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. Association. The term "Association" as used herein shall mean and refer to CHATEAU PARK HOMEOWNERS ASSOCIATION, a nonprofit corporation, its successors and assigns.

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

Section 8. Declarant. The term the "Declarant" as used herein shall mean and refer to DALE POE DEVELOPMENT CORPORATION, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 9. Member. The term "Member" shall mean and refer to those persons entitled to membership in the Association as provided in this Declaration and in the Association Articles of Incorporation and By-Laws.

Section 10. Institutional Holder. The term "Institutional Holder" as used herein shall mean and refer to any holder (beneficiary) of a first deed of trust which encumbers a lot, which holder is a bank or savings and loan association

or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 11. Mortgage. The term "Mortgage" as used herein shall mean and refer to any duly recorded and valid mortgage or deed of trust encumbering a lot.

II

NATURE AND PURPOSE OF COVENANTS

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

III

PROPERTY RIGHTS IN COMMON AREA

Section 1. Owners' Easements of Enjoyment.

Every Owner shall have a non-exclusive right and easement of ingress and egress and of enjoyment in, to and through the Common Area of the Properties; and these easements shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) The right of the Association after notice and hearing to suspend the voting rights and right to use of the recreational privileges within the Common Area by an Owner for any period during 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;

(b) 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 be 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 two-thirds (2/3) of the voting power of both classes of members; provided, however, that this right is further limited by the restrictions set forth in the Article hereof entitled "RIGHTS OF LENDERS".

(c) The right of the Association to levy a fine in a reasonable amount or impose other disciplinary action against any Member after notice and hearing for any infraction of its published rules and regulations or for breach of any of the provisions of this Declaration or the Association's By-Laws. The Association may levy a reimbursement assessment pursuant to the terms of this Declaration in order to collect this fine.

Section 2. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area to the members of his family, his tenants, or contract purchasers who reside on his lot.

IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. Organization. The Association is organized as a California corporation under the California Nonprofit Corporation Law. The Association is charged with the duties and vested with the powers prescribed by law and set forth in the Articles, By-Laws, and this Declaration. In the event that there should exist any ambiguity in any provision of the Articles or By-Laws, then such provision shall be construed, to the extent possible, so that such provision shall be consistent with the provisions of this Declaration.

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

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

Class A. Class A Members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each lot owned. When more than one person holds

an interest in any lot, all such persons shall be entitled to all rights and privileges of membership. The vote for such lot shall be exercised as its Owners collectively determine, but in no event shall more than one vote be cast with respect to any lot.

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

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

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

(c) On January 1, 1986.

Section 4. Two Classes of Memberships.

Notwithstanding anything to the contrary as may be contained elsewhere in this Declaration, any action by the Association which must have the approval of the membership of the Association before being undertaken, except for the action referred to the Article of this Declaration entitled "ENFORCEMENT OF BONDED OBLIGATIONS", shall require the vote or written assent of the required percentage of each class of membership during the

period of time that there are two (2) outstanding classes of membership, and any requirement that the vote of the Declarant is to be excluded in any such determination, other than the requirement set forth in the Article hereof entitled "ENFORCEMENT OF BONDED OBLIGATIONS", shall not be applicable.

Section 5. Special Class A Voting Rights.

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

Section 6. Vesting of Voting Rights. All

rights which are attributable to a specific lot pursuant to the terms of this Declaration shall not vest until such time as such lot is subject to annual assessments pursuant to the terms of this Declaration.

COVENANT FOR MAINTENANCE ASSESSMENTSSection 1. Covenant to Pay Assessment.

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

Section 2. Purpose of Assessments. The

assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of the lots and for the improvement, operation and maintenance of

the Common Area and the performance of the duties of the Association as set forth in this Declaration.

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

Section 4. Special Assessments for Capital Improvement. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement within the Common Area, including fixtures and personal property related thereto or any other action or undertaking on behalf of the Association, provided that any such assessment for all lots for the fiscal year in the aggregate in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall be approved by the vote or written assent of a majority of the voting power of the Association (but

excluding the voting power of the Declarant) at a meeting duly called for this purpose. The foregoing limitation on special assessments shall not apply to any reimbursement assessment which is authorized by the provisions of this Declaration.

Section 5. Reimbursement Assessments. The Association shall levy a reimbursement assessment against any Owner who fails to comply with the provisions of this Declaration, the determinations of the Architectural Committee, the Association's Articles or By-Laws, or any rule or regulation adopted by the Association, if such failure results in the expenditure of monies by the Association in carrying out its functions hereunder or for purposes of collecting any fines which may be levied by the Association. Except for collection of fines, such assessment shall be for the purpose of reimbursing the Association, shall be limited to the amount so expended, and shall be due and payable to the Association when levied.

Section 6. Notice and Quorum for Meetings Called Under Sections 3 and 4. Written notice of any meeting called to approve an increase in assessment greater than 20% under Section 3 or a special assessment under Section 4 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of Members or of proxies entitled to cast more than fifty percent (50%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum

is not present, another meeting may be called subject to the same quorum requirement.

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

Section 8. Date of Commencement of Annual Assessment: Due Dates. The annual assessments provided for herein shall commence as to all lots (including those owned by Declarant) on the first day of the month following the conveyance of the first lot by Declarant to an individual Owner. The first annual assessments shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board of Directors shall fix the amount of the annual assessment against each lot at least sixty (60) days in advance of each fiscal year of the Association. Written notice of the amount of the annual assessments against each lot shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. In the event the Board shall determine at any time that the estimate of the annual assessment for the current fiscal year is, or will become, inadequate to meet the expenses of the Association for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total Association expenses and determine the revised amount of the annual assessment against each Owner.

Section 9. Certification of Payment. The

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

Section 10. Reserves. The Annual Assessments

shall include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Area, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purpose for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members.

Section 11. Effect of Nonpayment of Assessments:

Remedies of the Association. Each Owner of any lot on becoming an Owner of any lot, is and shall be deemed to covenant and agree to pay to the Association each and every of the assessments provided for in this Declaration; and agrees to the enforcement

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

(a) Enforcement by Suit. By commencement and maintenance of a suit at law against any Owner or Owners personally obligated to pay assessments for such delinquent assessments as to which they are personally obligated, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon as provided for herein, costs of collection, court costs and reasonable

attorneys' fees in such amount as the Court may adjudge against the delinquent Owner. Suit to recover a money judgment for unpaid assessments shall be maintained without foreclosing or waiving the lien hereinafter provided for.

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

against the lot of the defaulting Owner in the Office of the County Recorder of Los Angeles County. Such claim of lien shall be executed and acknowledged by any officer of the Association and shall contain substantially the following information:

(1) The name of the record Owner;

(2) The legal description of the lot

against which claim of lien is made;

(3) The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and estimated attorneys' fees (with any proper offset allowed);

(4) That the claim of lien is made by the Association pursuant to this Declaration; and

(5) That a lien is claimed against said lot in an amount equal to the amount stated, together with all other amounts becoming due from time to time in accordance with this Declaration.

Upon such recordation of a duly executed original or copy of such a claim of lien, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the lot against which such assessment was levied. Such a claim shall have priority over all liens or claims created subsequent to the recordation of this Declaration, except for tax liens for real property taxes on any lot and assessments on any lot in favor of any municipal

or other governmental assessing unit and except for certain Trust Deeds as provided in Section 12 below. Any such lien may be foreclosed by appropriate action in Court or in the manner provided by the California Civil Code for the foreclosure of a deed of trust with power of sale, or in any other manner permitted by law. The Board is hereby authorized to appoint its attorney, any officer or director of the Association, or any Title Company authorized to do business in California as Trustee for the purpose of conducting such power of sale foreclosure. The lien provided for herein shall be in favor of the Association and shall be for the benefit all other lot Owners and shall secure payment of all sums set forth in the claims of lien, together with all sums becoming due and payable in accordance with this Declaration after the date of recordation of said claim of lien. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any lot. In the event such foreclosure is by action in Court, reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a lot, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner. Upon the timely curing of any default for which a notice of claim of lien was filed by the Board and the payment of all sums secured by the lien created by the

recordation of such claim of lien, the Board shall cause an officer of the Association to file and record an appropriate release of such claim of lien in the Office of the County Recorder of Los Angeles County, California. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use or abandonment of his lot. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of a claim of lien, whether judicially, by power of sale, or otherwise, until the expiration of ten (10) days after a copy of said claim of lien, showing the date of recordation thereof has been mailed to the Owner of the lot which is described in such claim of lien.

Section 12. Subordination to Certain Trust

Deeds. The lien for the assessments provided for herein in connection with a given lot shall not be subordinate to the lien of any deed of trust or mortgage, except the lien of a deed of trust or mortgage, or contract of sale given and made in good faith and for value that is of record as an encumbrance against such given lot prior to the recordation of a claim of lien for the assessments provided for in this Declaration against such given lot (such deed of trust or mortgage being hereinafter referred to as a "prior deed of trust"). The sale or transfer of any lot shall not affect any assessment lien created pursuant to the term of this Declaration to secure assessments becoming

due whether prior to, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent assessments as provided for by Section 1 of this Article; provided, however, that the sale or transfer of any lot pursuant to a judicial foreclosure or foreclosure by power of sale of a prior deed of trust, shall extinguish any assessment lien which has attached and become effective with regard to the lot being so transferred prior to the time of such sale or transfer, and shall prohibit the recordation of any assessment lien against such lot on account of assessments which became due prior to the date of such sale or transfer; provided, however, that there shall be a lien on the interests of the purchaser at such sale which shall attach, be created and become effective and be foreclosed in accordance with this Declaration and which shall secure all assessments becoming due after the date of any such sale or transfer. For the purpose of this Section 12, a sale or transfer of a lot shall occur on the date of recordation of a deed or other instrument of title evidencing the conveyance of record title to the lot.

VI

DUTIES AND POWERS OF THE ASSOCIATION

Section 1. General Powers of the Association.

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

Section 2. Contracts of the Association. The

Association shall have the right and power to employ or engage a manager and other employees or agents and contract for such services, labor and materials as it may deem reasonable or

necessary to operate and maintain the properties, Common Area, and any improvements thereon and to discharge its other duties as herein provided. The Board of Directors shall not enter into any contract for goods or services with a duration greater than one (1) year without the vote or written consent of a majority of the voting power of the Association residing in Members other than Declarant with the following exceptions: (i) a contract with a public utility company if the rates charges 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 (ii) 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. Any agreement for professional management of the Association or for services of the Declarant must provide that the management contract may be terminated without cause or payment of a termination fee upon ninety (90) days written notice and the term of such contract shall not exceed one (1) year.

Section 3. General Duties of Association.

In addition to the duties and powers enumerated in its Articles of Incorporation and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Own, landscape, irrigate and maintain the Common Areas in compliance with all applicable requirements of the ordinances of the City of Los Angeles. The responsibility of the Association to maintain the Common Area shall commence on the first of the month following the close of escrow representing the conveyance of the first lot by Declarant to an Owner.

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

(c) Have the authority to obtain for the benefit of the Common Area any required utility services;

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

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

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

(g) 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.

Section 4. Restrictions on Power of the Board.

The Association shall be prohibited without the prior vote or written assent of a majority of the voting power of the Association (excluding the voting power of the Declarant) from doing either of the following: (i) incurring aggregate expenditures for capital improvements to any portion of the Properties in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or (ii) selling during any fiscal year of the Association property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year; and (iii) paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

Section 5. Adoption of Rules. The Association shall adopt reasonable rules relating to the use and operation of the Common Area and any improvements thereon. A copy of such rules and of all amendments thereto shall be mailed to each Owner of a lot, and a copy may be posted in one or more places within the Common Area where the same may be conveniently inspected.

Section 6. Entry Onto Lots. The Association and its representatives shall have the right to enter upon any lot within the Properties to the extent such entry is necessary in connection with the performance by the Association of its duties and responsibilities under this Article or under this Declaration, including, without limitation, the construction, maintenance or effectuation of emergency repairs for the benefit of the lots, the Common Area, or for any of the Owners within the Properties.

VII

INSURANCE

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

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

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

(c) Fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who

handle or who are responsible to handle the funds of the Association, and such fidelity bonds shall name the Association as obligee, shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves.

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

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

interests of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

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

Section 5. Payment of Taxes or Premiums by Institutional Holders of Mortgages. Institutional Holders of Mortgages may or may not, jointly or singly, as they shall elect, pay taxes or other charges which are in default and which may or have become a charge against the Common Area, unless such taxes or charges are separately assessed against the Owners, in which case the rights of Institutional Holders of Mortgages shall be governed by the provisions of their Mortgages. Institutional Holders of Mortgages may or may not, jointly or singly, as they shall elect, also pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Area.

VIII

DAMAGE AND DESTRUCTION AFFECTING COMMON AREA

Section 1. Consent of Owners to Rebuild. If

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

Section 2. No Consent Required With Adequate

Insurance. Notwithstanding anything contained in Section 1 above to the contrary, if the cost of repairing or rebuilding the portion of the Common Area so damaged or destroyed does not exceed the amount of insurance proceeds available to the Association, the Board shall be authorized and required without the consent or approval of the Members, to contract to repair or rebuild the damaged portions of the Common Area substantially in accordance with the original plans and specifications therefor. In the event any excess insurance proceeds remain, or in the event of a decision by the Association not to reconstruct or replace such damages or destroyed improvements,

the Board, in its sole discretion, may retain such sums in the general funds of the Association or distribute pro rata all or a portion thereof to the Owners, subject to the prior rights of Institutional Holders of any first Mortgage whose interest may be protected by insurance policies carried by the Association. The rights of an Owner and the Institutional Holder of a first Mortgage on his lot as to such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such lot.

IX

EMINENT DOMAIN

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

X

NOTICES

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

Los Angeles County, California, shall be deemed delivered
forty-eight (48) hours after such deposit.

XI

RIGHTS OF LENDERS

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

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

Section 2. Assessments on Foreclosure. Any Institutional Holder of any First Mortgage who obtains title to a lot pursuant to the remedies provided in the Mortgage, or through foreclosure of the Mortgage shall take title to such lot free of any claims for unpaid assessments or charges against such lot which accrued prior to the acquisition of title to such lot by the Institutional Holder of the Mortgage.

Section 3. Rights of First Refusal. Any Institutional Holder of a First Mortgage who obtains title to a lot pursuant to the remedies provided in the Mortgage or through foreclosure of the Mortgage shall be exempt from any right of first refusal which may now or in the future exist for the benefit of the Association.

Section 4. Required Consent of Owners. Unless

at least 75% of all Owners, excluding the vote of Declarant, (based on one vote for each lot owned) and the holders of First Mortgages on the units owned by said Owners have given their prior written approval, the Association and the Owners shall not be entitled to:

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

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

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

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

(e) Fail to maintain fire and extended coverage on insurable Common Area improvements on a current

replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost):

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

(g) Adopt any material amendment to this Declaration or to the By-Laws of the Association;

(h) The effectuation of any decision by the Association to terminate professional management and assume self-management of the Association and the Properties;

(i) Fail to maintain an adequate reserve fund for the replacement of equipment and facilities used for the Common Areas.

Section 5. Rights of Institutional Holders.

All Institutional Holders of First Mortgages on individual lots shall, upon written request to the Association, be entitled to:

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

(b) Receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association;

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

Section 6. Payment of Taxes and Insurance

Premiums. Institutional Holders of First Mortgages on lots within the Properties may or may not, jointly or singly, as they shall elect, pay taxes or other charges which are in default and which may or have become a charge or lien against any common property, if any, and may pay overdue premiums on hazard insurance policies or secure hazard insurance coverage upon the lapse of a policy for any commonly owned property.

Section 7. Priority on Distribution of

Proceeds. No Owner or any other party shall have priority over any rights of Institutional Holders of First Mortgages upon individual lots pursuant to their Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of all or any portion of the commonly owned property, if any, and/or the individual lots and improvements thereon.

Section 8. Notice of Destruction or Taking.

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

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

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

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

XII

ATTORNEYS' FEES

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

XIII

GENERAL PROVISIONS

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

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

Section 3. Term. Subject to the limitations set forth in Section 4 of this Article, this Declaration and the covenants herein contained shall be in effect until January 1, 2040, and shall automatically be extended for successive

periods of ten (10) years unless within six (6) months prior to the expiration of the initial term or any ten (10) year renewal period a written agreement executed by the then record Owners of more than three-fourths (3/4) of the lots within the Properties shall be placed on record in the Office of the County Recorder of the County of Los Angeles by the terms of which agreement the effectiveness of this Declaration is terminated or the covenants herein contained are extinguished in whole or in part as to all or any part of the property then subject thereto.

Section 4. Amendments. This Declaration of Covenants, Conditions and Restrictions may be amended only by the affirmative assent or vote of both (i) seventy-five percent (75%) of the voting power of the Association, including the voting power of the Declarant, and (ii) seventy-five percent (75%) of the voting power of Members other than Declarant; provided, however, that the percentage of voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Further, this amendment provision shall not be amended to allow amendments by the assent or vote of less than the prescribed percentage of voting power required for amendments hereof. An amendment or modification shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification

has been approved as hereinabove provided, and recorded in the Official Records of Los Angeles County, California. Notwithstanding the foregoing, no such amendment or modification to this Declaration which would affect the terms and provisions of this Declaration as it relates to the maintenance of the Common Area, or which would terminate or materially impair the powers and duties of the Association as set forth in this Declaration shall be effective without the prior written consent of the City of Los Angeles.

Section 5. Nonliability of Officials. To the fullest extent permitted by law, neither the Board, nor any other committees of the Association or any member of such Board or committee shall be liable to any Member of the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 6. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community or tract and for the maintenance of the Common Area. The Article and Section headings have been inserted

for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

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

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

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

Section 10. The Declaration. By acceptance of a deed or by acquiring any ownership interest in any of the real property included within this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions,

covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the real property covered hereby, and hereby evidences his intent that all the restrictions, conditions and covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assigns, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

XIV

ANNEXATION

Section 1. Annexation With Consent. Additional

lots and Common Area may be annexed to the Properties with the consent of at least two-thirds (2/3) majority of the voting power of the Association, excluding the voting power of the Declarant:
or

Section 2. Annexation Without Consent. If,

at any time within the third anniversary date of the original issuance of the most-recently-issued public report for a phase of the Properties, the Declarant should develop additional lands within the areas described in Exhibit "A" which is attached hereto and by this reference made a part hereof, such additional lands may be annexed to the Properties without the assent of the Class A members and be made subject to the Declaration and thereby become subject to the jurisdiction of the Association: provided, however, that the development of the additional lands described in this Section shall be in accordance with a general plan set forth in this Article: Detailed plans for the development of additional lands must be submitted to the California Department of Real Estate prior to such development of additional lands. If the California Department of Real Estate determines that such detailed plans are not in accordance with the general plan on file and such agency so advises the Association and the Declarant, the annexation of the additional

lands must be in accordance with Section 1 immediately above. A supplementary Declaration of Covenants, Conditions and Restrictions as described hereinafter in Section 3 of this Article, covering the real property or portions thereof described in Exhibit "A" hereto, shall be executed and recorded by the Owner of such property to be annexed. The dwellings to be constructed on any lots to be annexed pursuant to this Article without the consent of the Owners must be of comparable style, quality, size and cost and shall be so constructed so as to have similar styles, floor plans, size and quality of buildings as those buildings which are presently constructed within the Properties.

Section 3. Supplementary Declaration. The additions authorized under the foregoing section shall be made by filing of record a supplementary Declaration of Covenants, Conditions and Restrictions, or similar instruments, with respect to the additional property which shall extend the plan of this Declaration to such property. Such supplementary Declarations contemplated above may contain such complementary additions or modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property as are not inconsistent with the plan of this Declaration. In no event, however, shall any such supplementary Declaration, merger or consolidation, revoke, modify or add to the covenants established

by the Declaration within the existing property, except as hereinafter otherwise provided. The recordation of said supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the CHATEAU PARK HOMEOWNERS ASSOCIATION, and thereafter all of the Owners of lots in said real property shall be Members of the CHATEAU PARK HOMEOWNERS ASSOCIATION, in accordance with the terms and provisions of this Declaration and such supplementary Declaration. Upon such annexation all Owners of lots within the Properties shall have an equal right to the use of all of the Common Areas within the Properties. Nothing herein shall obligate Declarant to annex to the Properties all or any portion of the lots described in Exhibit "A" hereto and any decision to affect such annexation shall be in the sole discretion of Declarant.

IN WITNESS WHEREOF, the undersigned, being the President and Assistant Secretary of the Declarant, have herein set their hand and seal this 29th day of March, 1982.

DALE POE DEVELOPMENT CORPORATION
a California corporation

By: *[Signature]*
DALE POE, President

By: *[Signature]*
STEPHEN L. RISHOFF, Assistant Secretary

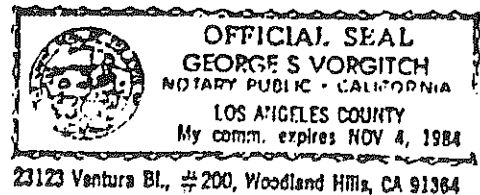
State of California)
 ss
County of Los Angeles)

On March 29, 1982, before me, the undersigned, a Notary Public in and for said State, personally appeared DALE POE, known to me to be the President, and STEPHEN L. RISHOFF, known to me to be the Assistant Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws and a resolution of its board of directors.

WITNESS my hand and official seal.

[Signature]

GEORGE S. VORGITCH



2

SECOND AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CHATEAU PARK TOWNHOMES

This Second Amendment to Declaration of Covenants, Conditions and Restrictions ("Second Amendment") is made by DALE POE DEVELOPMENT CORPORATION, a California corporation ("Declarant"), and by CHATEAU PARK HOMEOWNERS ASSOCIATION, a California corporation ("Association"). Declarant and the Association may be hereinafter be referred to as the "Parties."

P R E A M B L E:

A. On March 29, 1982, Declarant executed a Declaration of Covenants, Conditions and Restrictions ("Declaration"). The Declaration was recorded on March 30, 1982, as Instrument No. 82-329913, of Official Records of Los Angeles County, California. The Declaration initially encumbered certain real property ("Properties") described as Lots 1 to 200, inclusive, of Tract No. 40259, as per map recorded in Book 975, at Pages 84 to 89, inclusive, of Maps, in the Office of Los Angeles County Recorder.

B. On September 26, 1983, Declarant and the Association executed an amendment to the Declaration ("First Amendment"), which was recorded on January 27, 1984, as Instrument No. 84-109713, of Official Records of Los Angeles County, California. The First Amendment corrected the legal description of the Properties to limit the first phase of development of the Properties then subject to the Declaration to Lots 1 to 32, inclusive, and Lots 38 to 52, inclusive, of said Tract 40259 ("Phase 1").

C. On January 27, 1984, Declarant executed a Supplemental Declaration of Annexation ("First Annexation"), which was recorded on January 30, 1984, as Instrument No. 84-116165, of Official Records of Los Angeles County, California. The First Annexation added Lots 53 to 68, inclusive, Lots 105 to 122, inclusive, and Lots 197 to 200, inclusive, of said Tract No. 40259 ("Phase 2") to the Properties then subject to the Declaration.

D. On January 19, 1985, Declarant executed a Supplemental Declaration of Annexation ("Second Annexation"), which was recorded on April 4, 1985, as Instrument No. 85-367393, of Official Records of Los Angeles County, California. The Second Annexation added Lots 69 to 104, inclusive, of Tract No. 40259 ("Phase 3"), to the Properties then subject to the Declaration.

E. Declarant and the Association now wish to further amend the Declaration primarily to (1) redefine Phase 1 of the Properties to constitute Lots 1 to 52, inclusive, of said Tract No. 40259, (2) add Exhibit "A" to the Declaration which exhibit was inadvertently omitted from the Declaration when it Recorded, (3) rescind the Second Annexation, (4) provide for each Owner to have and enjoy exclusive yard easements over designated portions of the Common Area, (5) ratify certain Lot

line adjustments made in Phase 2 to allow for certain turret areas and expanded foundation areas on the respective Lots, (6) authorize Lot line adjustments to accommodate certain turret areas in Phase 1, and (7) give the Board of Directors of the Association architectural control over the Properties in addition to such control currently being exercised over the Properties by Chateau Creek Homeowners Association ("Master Association").

F. Article XIII, Section 4 of the Declaration provides, in part, that the Declaration may be amended by the affirmative assent or vote of both (i) seventy-five percent (75%) of the voting power of the Association, including the voting power of Declarant, and (ii) at least seventy-five percent (75%) of the voting power of members of the Association other than Declarant. To be effective, an amendment must be executed by the President and Secretary of the Association who shall certify that the amendment has been approved by the requisite assent or vote, and it must be recorded in Official Records of the Los Angeles County Recorder. The undersigned are the Declarant and the President and Secretary of the Association. The President and Secretary of the Association do hereby certify that the assent or vote of the requisite voting power of the Association has been obtained relative to the provisions contained in this Second Amendment.

G. Article XIII, Section 4 of the Declaration provides further that any amendment to the Declaration relating to the maintenance of the Common Area or which would materially impair the powers and duties of the Association shall be ineffective without the prior written consent of the City of Los Angeles ("City"). The reference to the City was a mistake, because the Properties are not located in the City. Such reference should have been to the County of Los Angeles ("County"), and now should be made to the City of Agoura Hills. The Parties agree that the amendments herein are of an immaterial nature insofar as the County and the City of Agoura Hills are concerned, so the consent of the County and the City is not required.

H. Article XI, Section 4 of the Declaration provides, in part, that the holders of First Mortgages on the Lots owned by consenting Owners must give their prior written approval before the Association may perform certain acts enumerated therein. However, the Parties agree that none of the amendments contained in this Second Amendment are within the scope of Article XI, Section 4 of the Declaration for which the consent of such holders would otherwise be required.

NOW, THEREFORE, THE DECLARATION IS HEREBY FURTHER AMENDED AS FOLLOWS:

1. Correction of Phase 1 Legal Description.

Article I, Section 1 of the Declaration is hereby amended to read as follows:

"Section 1. Properties. The term "Properties" as used herein shall mean and refer to that certain real property in the County of Los Angeles, State of California, more particularly described as Lots 1 to 52,

inclusive, of said Tract 40259 ("Phase 1"), and such additions thereto described in Exhibit "A" as may hereafter be brought within the coverage of this Declaration and jurisdiction of the Association pursuant to Article XIV of this Declaration."

2. Correction of Phase 1 Common Area. Article I, Section 3 of the Declaration is hereby amended to read as follows:

"Section 3. Common Area. The term "Common Area" as used herein shall mean and refer to the real property owned from time to time by the Association excepting the Exclusive Use Areas as hereinafter defined. The Common Area in Phase 1 shall be Lots 205, 206, 208 and 209 of said Tract 40259, and the Common Area in Phase 1 shall be conveyed to the Association concurrently with the first recordation of a deed ("Close of Escrow") of a Lot in Phase 1 of the Properties from Declarant to an Owner. Control of the Common Area in any phase of development shall be turned over to the Association as of the date of transfer of title to the Common Area in such phase to the Association. Common Area Lots 204 and 207 shall be conveyed by Declarant to the Association following annexation thereof pursuant to Article XIV hereof prior to or concurrently with the first Close of Escrow of a Lot in proposed Phase 2 (Lots 53-68, 105-122 and 197-200 of said Tract 40259) from Declarant to an Owner; Common Area Lot 203 shall be conveyed by Declarant to the Association following annexation thereof pursuant to Article XIV hereof prior to or concurrently with the first Close of Escrow of a Lot in proposed Phase 3 (Lots 69 to 104, inclusive, of said Tract 40259) from Declarant to an Owner; Common Area Lot 202 shall be conveyed by Declarant to the Association following annexation thereof pursuant to Article XIV hereof prior to or concurrently with the first Close of Escrow of a Lot in proposed Phase 4 (Lots 123 to 154, inclusive, of said Tract 40259) from Declarant to an Owner; and Common Area Lot 201 shall be conveyed by Declarant to the Association following annexation thereof pursuant to Article XIV hereof prior to or concurrently with the first Close of Escrow of a Lot in proposed Phase 5 (Lots 155 to 196, inclusive, of said Tract 40259) from Declarant to an Owner."

3. Addition of Annexable Area. The Declaration is hereby further amended to add Exhibit "A," which is attached hereto and incorporated herein by this reference, describing

the real property which may be unilaterally added to the Properties and the jurisdiction of the Association, in accordance with Article XIV, Section 2 of the Declaration. 5

4. Deletion of Phase 3. The Declaration and the Second Annexation are hereby amended to delete Phase 3 from the coverage of the Declaration and the jurisdiction of the Association, because the Second Annexation was mistakenly and prematurely executed and recorded. The Second Annexation shall be cancelled and terminated in its entirety.

5. Yard Exclusive Easements. Article III, Section 1 of the Declaration is hereby amended to add the following language to the beginning of said Section: "Except with respect to the Exclusive Use Areas referred to in Section 3 below,...." In addition to the foregoing, the Declaration is hereby amended to add Section 3 to Article III which shall read as follows:

"Section 3. Exclusive Appurtenant Easements Over Portions of Common Area. The Association hereby grants to each Owner in Phase 1 and in Phase 2 whose Lot or Parcel number is listed on Exhibit "B" attached hereto and incorporated herein by reference, and to each of such Owner's respective successors in interest, an exclusive appurtenant perpetual easement ("Exclusive Use Area") for yard purposes, as hereinafter limited, over that portion of the Common Area as described and assigned on Exhibit "B" hereto. Notwithstanding the dimensions as shown on Exhibit "B," in interpreting this Second Amendment, the existing physical boundaries of the Exclusive Use Areas encompassed by a fence constructed or reconstructed in substantial accordance with Exhibit "B" shall be conclusively presumed to be their boundaries, rather than the description expressed in Exhibit "B," regardless of minor construction variances. Similar Exclusive Use Areas may be assigned by Declarant in supplementary Declarations to Owners over Common Areas located in subsequent phases of development of the Properties as such phases are developed in the future."

In addition to the foregoing, the Declaration is hereby further amended to add Section 4 to Article III which shall read as follows:

"Section 4. Owners' Rights and Obligations in Exclusive Use Areas. Each Owner to whom an Exclusive Use Area for yard purposes is assigned, and each of such Owner's respective successors-in-interest shall have rights and obligations respecting their individual Exclusive Use Area as follows:

(a) To landscape and plant flowers, shrubs, lawn, and trees which do not unreasonably interfere with the enjoyment of an adjacent unit Owner;

(b) To install permanent and/or semi-permanent recreational structures, including, but not limited to, fences, walls, satellite dishes, patios, patio covers, decks, gazebos, spas, and swimming pools, but specifically subject to (i) all conditions imposed upon such improvements by this Declaration; (ii) the approval in writing of the Architectural Committee of the Association; (iii) the codes, ordinances, and laws of the City of Agoura Hills; and (iv) such other requirements, conditions, and restrictions as are from time-to-time lawfully imposed upon the construction and maintenance of such improvements;

(c) To maintain such Exclusive Use Areas neatly and properly, including the trimming and pruning of trees and shrubs, mowing of lawn areas, and proper irrigation of planted areas;

(d) To provide to the Board of Directors of the Association annually with evidence of a policy of general liability insurance with coverage and policy limits as prescribed by the Board of Directors and with an endorsement showing the Association as an additional insured. Failure of an Owner to provide such evidence of general liability insurance as required herein within thirty (30) days after written notice from the Board of Directors of the Association shall constitute an authorization to the Association to obtain such a policy of general liability insurance on behalf of the defaulting Owner and to assess the defaulting Owner a reimbursement assessment for the cost thereof. Each defaulting Owner covenants and agrees to pay reimbursement assessments made under this Section 4 and such assessments shall be enforceable in the same manner as any other assessments made pursuant to the other provisions of this Declaration."

In addition to the foregoing, the Declaration is hereby further amended to add Section 5 to Article III which shall read as follows:

"Section 5. Taxes on Exclusive Use Areas.
There are no real estate taxes currently assessed against the Common Area, in accordance with Section 2188.5 of the California Revenue and Taxation Code.

Therefore, should any Owner install any improvement in an Exclusive Use Area which results in a real estate tax on the Common Area, such Owner shall pay that portion of the tax which is attributable to such improvement. Should any such tax bill not delineate that portion of the bill which is attributable to the Lot of any such Owner, the Board shall attempt to obtain a segregation of such taxes from the Los Angeles County tax assessor. If the Board is unsuccessful in obtaining such segregation, then the Board, in its sole discretion, shall apportion the bill among the Owners who have installed such improvements. Should any Owner fail to pay the portion of such taxes attributed to the Owner by either the tax assessor or the Board, then the Board may levy a reimbursement assessment against such Owner and his Lot in the amount of such tax apportionment and collect such assessment as provided elsewhere in this Declaration." 7

6. Authorization of Phase 1 Lot Line Adjustments.

The Lot line adjustments ("Phase 1 Adjustments") to be made in Phase 1 to expand certain Lots to accommodate turret areas are hereby authorized by the parties. The Phase 1 Adjustments are shown and described on Exhibit "C" which is attached hereto and incorporated herein by this reference.

7. Ratification of Phase 2 Lot Line Adjustments.

The Lot line adjustments ("Phase 2 Adjustments") heretofore made in Phase 2 to allow for certain turret areas and expanded foundation areas on the respective Lots are hereby ratified by the Parties. The Phase 2 Adjustments are shown and described on Exhibit "D" which is attached hereto and incorporated herein by this reference.

8. County of Los Angeles. Article XIII, Section 4 of the Declaration is hereby amended to delete the phrase "City of Los Angeles" on the last line of Section 4 and to add in lieu thereof "... County of Los Angeles."

9. Architectural Control. The Declaration is hereby amended to add Section 11 to Article XIII pertaining to architectural control by the Association, which Section 11 shall read as follows:

"Section 11. Architectural Control. In addition to the Architectural Control provisions set forth in Article XII of the Declaration of Covenants, Conditions and Restrictions ("Master Declaration") recorded on March 30, 1982, as Instrument No. 82-329912, of Official Records of Los Angeles County, California, each Owner in the Properties must obtain the prior written approval of the Board of Directors of the Association before such Owner may perform

any act within an Exclusive Use Area for which approval of the Architectural Committee is required under the Master Declaration."

8

10. Ratification of Declaration. Except as amended in this Second Amendment, the Declaration is hereby ratified and confirmed by the Parties. Unless otherwise herein provided, the capitalized terms used in this Second Amendment shall have the meanings as set forth in the Declaration.

The undersigned have executed this Second Amendment on March 17, 1986, to be effective upon its recordation.

CHATEAU PARK HOMEOWNERS ASSOCIATION, a California corporation

DALE POE DEVELOPMENT CORPORATION, a California corporation

By: Linda S. Seitz
Its: President

By: [Signature]
Its: Vice President

By: Jeffrey Stevenson
Its: Secretary

By: [Signature]
Its: Assistant Secretary

"Association"

"Declarant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)



On March 17, 1986, before me, the undersigned, a Notary Public in and for said State, personally appeared Linda S. Seitz and Jeffrey Stevenson, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as President and Secretary or on behalf of CHATEAU PARK HOMEOWNERS ASSOCIATION, the corporation therein named and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for said State
Karen L. May

RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

McKITTRICK, JACKSON, DeMARCO
& PECKENPAUGH (FSJ)
4041 MacArthur Boulevard
P.O. Box 2710
Newport Beach, California 92658-0710

COPY of Document Recorded
DEC 23
87-2023177
Has not been compared with original.
Original will be returned when
processing has been completed. **B**
LOS ANGELES COUNTY REGISTRAR - RECORDER

(Space Above For Recorder's Use)

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PHASE 5
OF
CHATEAU PARK TOWNHOMES

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PHASE 5 OF CHATEAU PARK TOWNHOMES

THIS SUPPLEMENTARY DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS ("Supplementary Declaration") is
made by DALE POE DEVELOPMENT CORPORATION, a California
corporation ("Declarant").

P R E A M B L E:

A. On March 29, 1982, Declarant executed a Declaration of Covenants, Conditions and Restrictions ("Declaration"). The Declaration was recorded on March 30, 1982, as Instrument No. 82-329913, of Official Records of Los Angeles County, California. The Declaration initially encumbered certain real property ("Properties") described as Lots 1 to 200, inclusive, of Tract No. 40259, as per Map recorded in Book 975, at Pages 84 to 89, inclusive, of Maps, in the Office of the Los Angeles County Recorder.

B. On September 26, 1983, Declarant and Chateau Park Homeowners Association, a California corporation ("Association"), executed an Amendment to the Declaration ("First Amendment"), which was recorded on January 27, 1984, as Instrument 84-109713, of Official Records of Los Angeles County, California. The First Amendment corrected the legal description of the Properties to limit the first phase of development of the Properties then subject to the Declaration to Lots 1 to 32, inclusive, and Lots 38 to 52, inclusive, of said Tract 40259 ("Phase 1").

C. On January 27, 1984, Declarant executed a Supplemental Declaration of Annexation ("First Annexation"), which was recorded on January 30, 1984, as Instrument No. 84-116165, of Official Records of Los Angeles County, California. The First Annexation added Lots 53 to 68, inclusive, Lots 105 to 122, inclusive, and Lots 197 to 200, inclusive, of said Tract 40259 to the Properties then subject to the Declaration.

D. On January 19, 1985, Declarant executed a Supplemental Declaration of Annexation ("Second Annexation"), which was recorded on April 4, 1985, as Instrument No. 85-367393, of Official Records of Los Angeles County, California. The Second Annexation added Lots 69 to 104, inclusive, of Tract No. 40259 to the Properties then subject to the Declaration.

E. On March 17, 1986, Declarant and the Association executed a Second Amendment to the Declaration ("Second Amendment"), which had the effect, among other things, of rescinding the Second Annexation. The Second Amendment was recorded on April 18, 1986, as Instrument No. 86-483490, of Official Records of Los Angeles County, California.

F. On June 25, 1986, Declarant executed a Supplementary Declaration of Covenants, Conditions and Restrictions for Phase 3 of Chateau Park Townhomes ("Third Annexation"), which was recorded on June 26, 1986, as Instrument No. 86-804174, of Official Records of Los Angeles County, California. The Third Annexation added Lots 69 to 104, inclusive, and Lot 203 of said Tract No. 40259 to the Properties then subject to the Declaration.

G. On _____, 1987, Declarant executed a Supplementary Declaration of Covenants, Conditions and Restrictions for Phase 4 of Chateau Park Townhomes ("Fourth Annexation"), which was recorded on _____, 1987, as Instrument No. 87-_____, of Official Records of Los Angeles County, California. The Fourth Annexation added Lots 123 to 154, inclusive, and Lot 202 of said Tract No. 40259 to the Properties then subject to the Declaration.

H. Declarant is the owner of certain real property ("Annexed Property") located in Los Angeles County, California, described as follows:

Lots 155 to 196, inclusive, and Lot 201 of Tract No. 40259, as per Map recorded in Book 975, at Pages 84 to 89, inclusive, of Maps, in the Office of the Los Angeles County Recorder.

I. Pursuant to Article XIV of the Declaration, Declarant now desires to add the Annexed Property to the Property already subject to the Declaration as Phase 5 of the Properties.

THEREFORE, DECLARANT HEREBY DECLARES AS FOLLOWS:

1. Addition of Annexed Property. Declarant, as the owner of the Annexed Property, hereby declares that the Annexed Property is annexed to and made a part of the Properties already subject to the Declaration, as Phase 5 of the Properties. This Supplementary Declaration is recorded pursuant to the provisions of Article XIV, Section 3 of the Declaration.

2. Membership in Association. Each Owner of one or more Lots in the Annexed Property shall automatically become a Member of the Association, as provided in Article XIV, Section 3 of the Declaration.

3. Assessment Obligations. The rights and obligations of all Owners of Lots located in the Annexed Property with respect to the payment of Assessments are set forth in Article V of the Declaration. The annual assessments to be paid to the Association shall commence as to all Lots in the Annexed Property on the first day of the month following the conveyance of the first Lot in the Annexed Property to an individual Owner, as provided in Article V, Section 8 of the Declaration.

4. Common Area. Lot 201 of the Annexed Property shall constitute Common Area. The Common Area in the Annexed Property shall be conveyed to the Association prior to the first conveyance of a Lot in the Annexed Property from Declarant to an individual purchaser. Such conveyance shall be subject to covenants, conditions, restrictions, easements, easement reservations, rights and rights-of-way of record at the time of such conveyance to the Association, including those set forth in the Declaration (as amended) and this Supplementary Declaration, and subject to nondelinquent general and special real property taxes and supplemental assessments, if any, constituting a lien on such property at the time of such conveyance. Thereafter, Lot 201 and the improvements thereon shall constitute a portion of the Common Area.

5. Exclusive Use Common Areas. The Owners of Lots in the Annexed Property, and their respective successors in interest, shall be entitled to exclusive easements ("Exclusive Use Areas") for yard purposes, as limited in the Declaration (as amended), over those portions of Lot 201 of the Annexed Property as are shown on Exhibit "A" which is attached hereto and incorporated herein by this reference. Notwithstanding the dimensions as shown on Exhibit "A" in interpreting this Supplementary Declaration, the Declaration and any deeds, the existing physical boundaries of the Exclusive Use Areas encompassed by a fence constructed or reconstructed in substantial accordance with Exhibit "A" shall be conclusively presumed to be their boundaries, rather than the description expressed in Exhibit "A," regardless of minor construction variances.

6. Maintenance Obligations. The respective Maintenance Obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its Maintenance Obligations with respect to the Annexed Property upon commencement of annual assessments in the Annexed Property.

7. Conformity with General Plan. This Supplementary Declaration is in conformance with the General Plan currently on file with the California Department of Real Estate ("DRE"). This Supplementary Declaration is being recorded prior to the third (3rd) anniversary of the original issuance of the most-recently-issued Final Subdivision Public Report from the DRE for a phase of the Properties, as provided in Article XIV, Section 2 of the Declaration. The dwellings to be constructed on the Lots in the Annexed Property will be of comparable style, quality, size and cost and shall be constructed so as to have substantially similar styles, floor plans, sizes and quality of buildings as those buildings which are currently subject to the Declaration.

8. Miscellaneous. The provisions of this Supplementary Declaration shall run with all of the Annexed Property, the Properties, and the Common Area, and shall be binding upon all persons having or acquiring any interest in the Annexed Property, the Properties, the Common Area or any part thereof shall inure to the benefit of and burden every portion of the Annexed Property, the Properties, the Common Area, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the terms of this Supplementary Declaration shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

Q
RECORDED 1474
This Supplementary Declaration has been executed on _____, 1987, to be effective as of the date of its recordation.

DALE POE DEVELOPMENT CORPORATION,
a California corporation

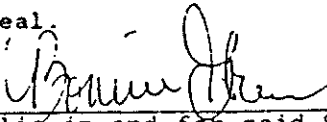
By: 
Ben Carbone
Its Vice President

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On December 14, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared BEN CARBONE, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as vice president or on behalf of DALE POE DEVELOPMENT CORPORATION, the corporation therein named and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.




Notary Public in and for said State
BONNIE GREER

SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under that certain Deed of Trust dated September 10, 1987, and recorded on September 14, 1987, in the Official Records of Los Angeles County, California, as Instrument No. 87-1471539, which Deed of Trust is between DALE POE DEVELOPMENT CORPORATION, a California corporation, as Trustor, TICOR TITLE INSURANCE COMPANY OF CALIFORNIA, a California corporation, as Trustee, and CITICORP REAL ESTATE, a Delaware corporation, as Beneficiary, hereby expressly subordinates such Deed of Trust and its beneficial interests thereunder to the foregoing Supplementary Declaration of Covenants, Conditions and Restrictions for Phase 5 of Chateau Park townhomes ("Supplementary Declaration"). By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Properties by foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Declaration and any Supplementary Declaration, which shall remain in full force and effect.

Dated: 12-11, 1987.

CITICORP REAL ESTATE, INC.,
a Delaware corporation

By: Michael [Signature]

Its: VP

By: _____

Its: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared _____ and _____, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as _____ and _____, respectively, or on behalf of CITICORP REAL ESTATE, INC., a Delaware corporation, the corporation therein named and acknowledged to me that the corporation executed it.

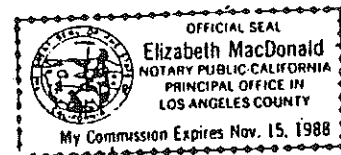
WITNESS my hand and official seal.

Notary Public in and for said State

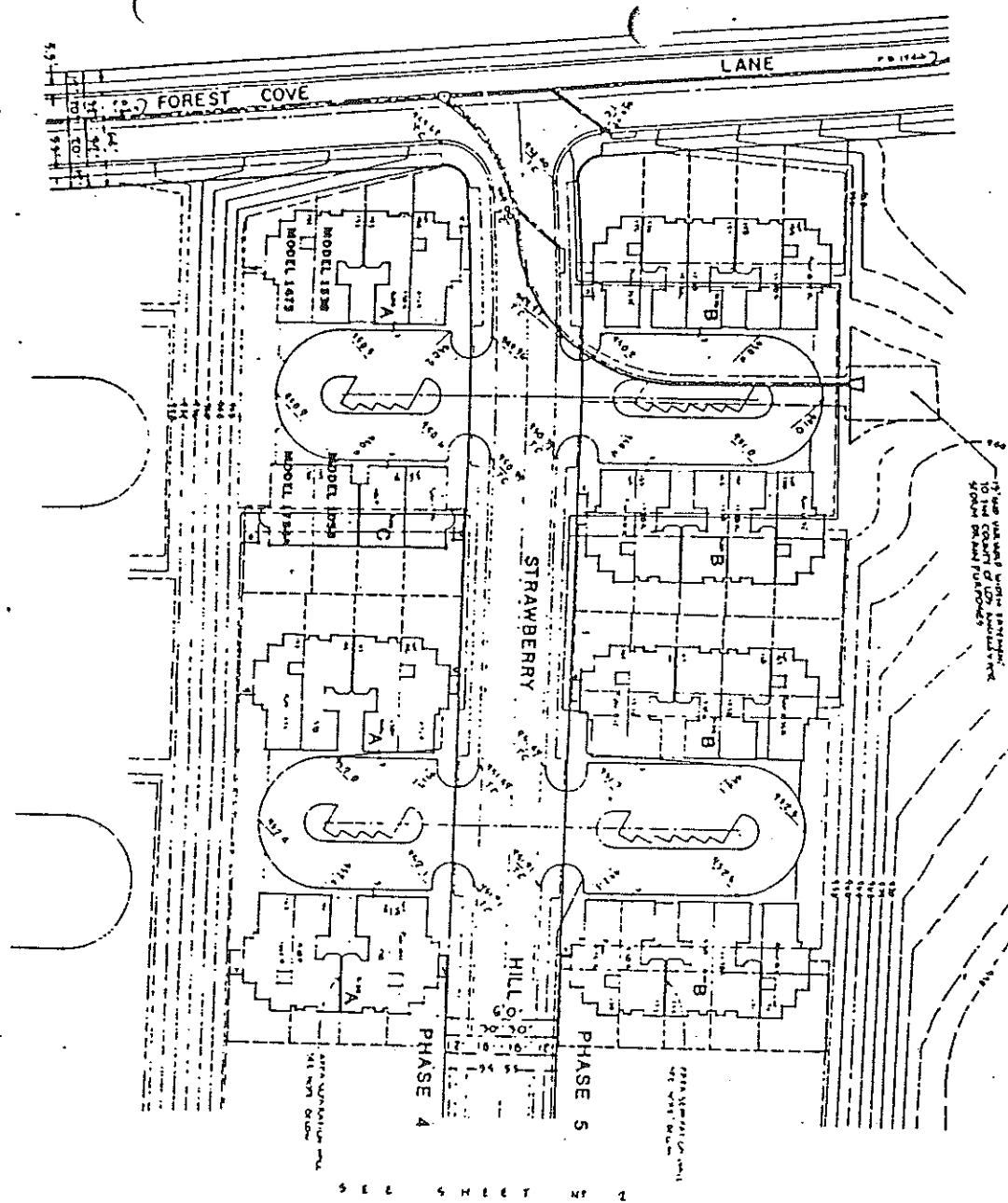
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

On this the 11th day of December 1987 before me, the undersigned, a Notary Public in and for said County and State, personally appeared Michael B. A. Nobbs, personally known to me or proved to me on the basis of satisfactory evidence to be the Vice President of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Elizabeth MacDonald
Elizabeth MacDonald



EASEMENT MAP



1/2" = 1' - 0"



Scale: 1" = 30'

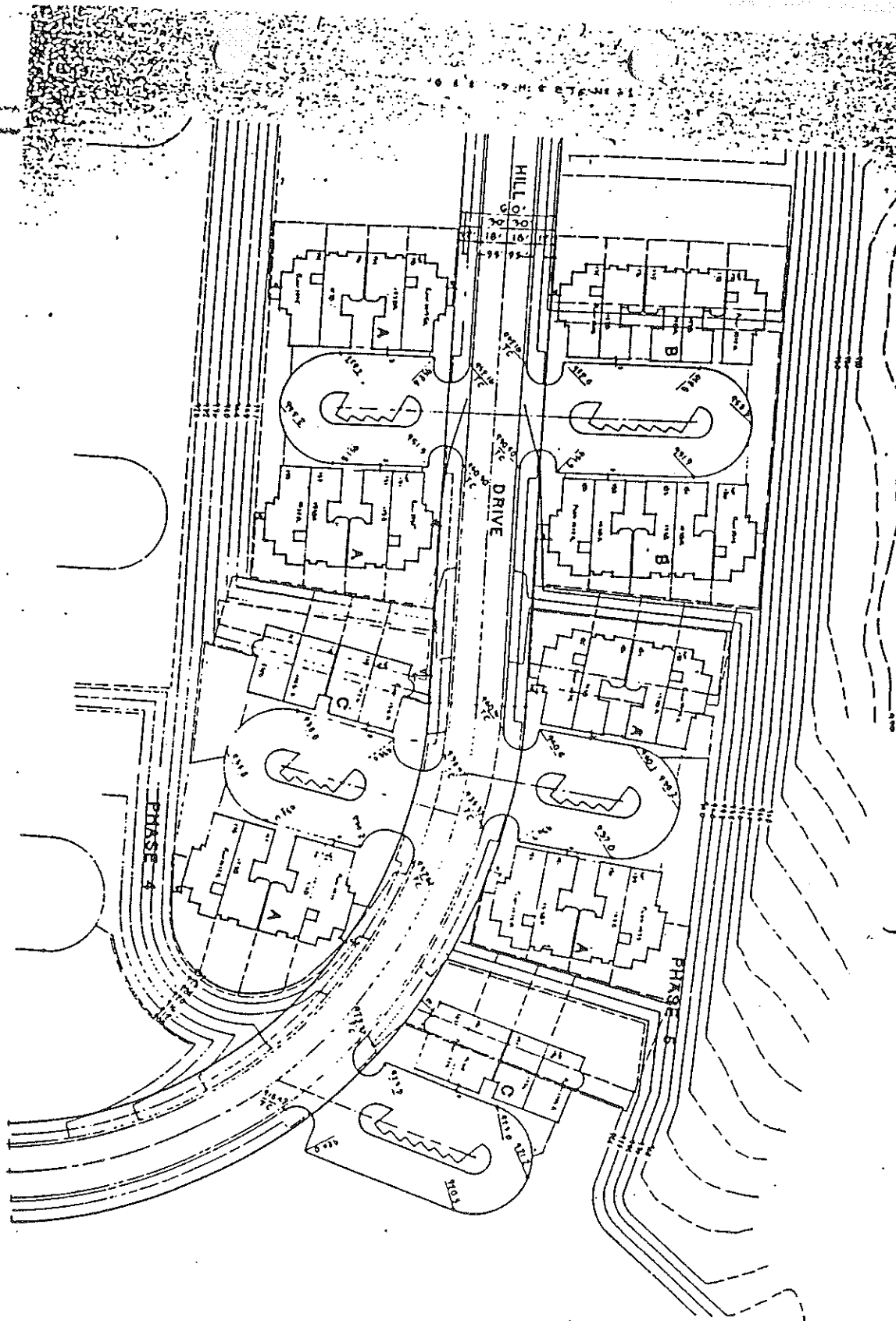
TRACT #40259
CHATEAU PARK
PHASE 5

PLAN	5096	2
	5475	10
	4838	22
TOTAL	1784	34

CHATEAU PARK
PHASE 4

PLAN	1050	6
	1578	12
	1520	13
	1785	4
TOTAL		35

DATE	1-19-67	SITE PLAN	CHATEAU PARK	TRACT NO 40259		PLAN, TRACT, E.O. 12890, 1000 W.P.S. FOR BOUNDARY SURVEY (C.V.)
SCALE	1" = 30'					



SCALE 1"=30'
