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TICOR TITLE INSURANCE COMPANY

When Recorded Mail To:

Pardee Construction Company
10639 Santa Monica Boulevard
Los Angeles, California 90025
ATTN: Diana L. Miller

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COUNTY RECORDER

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

N.C.W. NEIGHBORHOOD 3 UNIT NO. 2

This Declaration of Covenants, Conditions and Restrictions, made this 3rd day of November, 1983, by PARDEE CONSTRUCTION COMPANY, a California corporation, hereinafter referred to as "Subdivider", owner in fee simple of the land situated in the County of San Diego, State of California, hereinafter referred to as the "Property", described as follows, to wit:

Lots 95 through 106, inclusive, of N.C.W. Neighborhood 3 Unit No. 2 in the City of San Diego, County of San Diego, State of California, as per Map No. 10546 recorded on December 22, 1982 in the Office of the County Recorder of San Diego County, State of California.

WHEREAS, it is the desire and intention of Subdivider to sell the land described above and to impose on it mutual, beneficial covenants, conditions and restrictions under a general plan or scheme of improvement for the benefit of all the land described above and the future owners of the lots comprising said land.

NOW THEREFORE, Subdivider hereby declares that all of the land described above is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions and restrictions, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement, and sale of said land and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of said land and lots and every part thereof. All of such covenants, conditions and restrictions shall run with the land and shall be binding on the Subdivider if, and only for so long as it is, an owner of one or more said lots, and on all of its heirs, successors and assigns and on all other parties having or occupying any right, title or interest in the described land or any part thereof, and on all of their heirs, successors and assigns.

1. Said lots shall be used for private, one-family residence purposes exclusively and no structure whatsoever, other than a one-family, private residence not to exceed two and one-half stories in height, with customary out buildings including private garages or carports, may be erected or maintained thereon at any one time.

2. All lavatories and toilets shall be built indoors and connected with sewer system.

3. No antennae or other device for the transmission or reception of television signals or any other form of electromagnetic radiation, including, but not limited to, a dish or other device capable of transmitting or receiving signals for cable, satellite or pay-television systems, shall be erected, used or maintained outdoors above ground on any property whether attached to a building or otherwise.

4. No tools or equipment and no derrick or other structure designed for use in boring for oil, gas, or other kindred substances, or designed for use in boring for water, or designed for use in any mining operation or exploration shall hereafter be erected or placed upon such realty; and no owner of any of said lots shall ever consent to the use of the surface of the land, or any portion of the subsurface thereof, by any lessee under any lease to be negotiated or under any lease now of record affecting any of said lots, which lease pertains to the exploration, mining, or operating for oil, gas or other hydrocarbon substances and the taking, storing, removing and disposition of same.

5. If Subdivider has not provided a lawn for a particular lot, then the Owner of said lot shall have installed thereon, within six (6) months from the date of conveyance of title to said lot or the date of occupancy thereof, whichever occurs first, a lawn or a ground cover acceptable to the Architectural Control Committee.

6. No rubbish, brush, weeds, undergrowth or debris of any kind or character shall ever be placed or permitted to accumulate upon said lots or any of them, or any portion thereof, so as to render said premises a fire hazard, unsanitary, unsightly, offensive, or detrimental to any other property in the vicinity or the occupants thereof. The Grantee of each lot for himself, his successors and assigns agrees to care for, cultivate, prune and maintain in good condition any and all trees, lawns, shrubs and ground cover on said realty and should Grantee or his successors or assigns fail to do so, or fail to keep said realty free from rubbish, brush, weeds, undergrowth or debris of any character, Subdivider if, and only for so long as it is, an Owner of one or more said lots, its successors in interest, or the Architectural Control Committee may, at any time, (i) initiate legal proceedings to enforce compliance with this paragraph 6 or (ii) upon thirty (30) days written notice to Grantee or his successors and assigns, of its intention so to do, enter upon said realty and remove such rubbish, brush, weeds,

undergrowth or debris and assess said Grantee or his successors or assigns for the cost thereof. Subdivider if, and only for so long as it is an Owner of one or more said lots, or its successors in interest, or the Architectural Control Committee, shall notify Grantee or his successors or assigns in writing of the cost thereof, and in the event such person or persons fails to remit to Subdivider, its successors in interests, or the Architectural Control Committee, the charges, such charges shall constitute a personal obligation of the Grantee, or his successors or assigns, which may be enforced by Subdivider if, and only for so long as it is, an Owner of one or more said lots, or its successors in interest, or the Architectural Control Committee, in the same manner provided by law with respect to any other contractual obligation.

7. No odors shall be permitted to arise therefrom so as to render any such lot unsanitary, unsightly, offensive or detrimental to any other lot; and no nuisance shall be permitted to exist or operate upon any lot so as to be offensive or detrimental to any other lot or to the occupants thereof; and without limiting the generality of any of the foregoing provisions, no external speakers, horns, whistles, bells or other sound devices, except devices used exclusively for security purposes, shall be located, used or placed upon any lot.

8. No structure (including but not limited to dwelling units, garages, carports, walls and fences) shall be permitted to fall into disrepair and all structures shall at all times be kept in good condition and repair and adequately painted or otherwise finished. Any and all repairs, redecorations, modifications or additions, interior or exterior, shall fully comply with all applicable building code requirements, rules and restrictions. Roof ventilators, if any, shall be painted within three (3) months of installation to match the color of the roof to which it is or will be attached.

9. No owner shall permit any thing or condition to exist upon any lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

10. Every single-family dwelling erected shall contain not less than 900 square feet floor space, exclusive of porches, patios, garages and carports. No garage or carport shall be used for a living area or used for other purposes other than those uses normally attendant a garage or carport.

11. Easements for installation and maintenance of utilities and drainage facilities have been conveyed as shown on the recorded plat and otherwise of record.

12. No billboards, signs or advertising of any kind, excepting a conventional "for sale" or "for rent" sign not larger than two feet by two feet shall be erected or maintained upon any of said lots without the written consent of Subdivider, except that this restriction shall not apply to Subdivider or to any construction company owned or controlled by Subdivider, and except as hereinafter provided in Paragraph 13 hereof.

13. Notwithstanding any other provisions hereof, Subdivider or its sales agents may, during the sale campaign of lots in said tract and/or in the general vicinity thereof, maintain on property owned by it in said tract a real estate office, model homes, parking facilities, lights, decorative entrance wall lot areas, and such signs, flags and sales aids as it may desire to promote such sales; provided; however, such use shall not be for a period of more than five (5) years from the date hereof.

14. No animals or fowl, other than household pets, shall be kept or maintained on said property or any portion thereof. At any one time the total number of household pets shall not exceed four (4) and the total number of any one species shall not exceed two (2).

15. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the neighborhood.

16. No fence, wall, hedge, construction, or obstruction shall be installed or constructed upon any lot in said tract except the residence, garage, or other out building permitted to be erected under the provisions of these restrictions, unless such fence, hedge, wall, construction or obstruction is designed so as to be provided with one opening for every three (3) feet of length at ground level and so as to permit free drainage of waters falling upon said lot or flowing across the said portion of the lot from adjoining property, nor shall any such fence, wall, hedge, construction or obstruction be installed or erected unless prior to the commencement thereof complete working plans and specifications therefor have first been submitted to the Architectural Control Committee hereinafter referred to for the approval or rejection thereof by said committee, and the said committee shall have given its approval.

17. Each Grantee of a lot in said tract agrees for himself and his successors and assigns that he will not in any way interfere with the natural or established drainage of water over his lot from adjoining or other lots in said tract, including run off from the roof of an adjoining owner, or that he will make adequate provisions for proper drainage in the event it is necessary to change the natural or established flow of water drainage over his lot. For the purposes hereof "natural" drainage is defined as the drainage which would naturally occur at the time the overall approved grading plan of said tract has been completed by the subdivider. For the purposes hereof, "established" drainage is defined as the drainage which occurred or which would occur at the time the overall grading of said tract, including the finish grading of each lot in said tract, was completed by the subdivider.

18. No building, including without limitation, garages, shall be erected, placed or altered on any lot until the construction plans and specifications and a plan showing the location of the structure have been approved by the Architectural Control Committee as to the quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevations. Approval shall be obtained as provided in Paragraphs 19 and 20 hereof.

19. The initial members of the Architectural Control Committee shall be Vance T. Meyer, David E. Landon and David K. Lyman, 10639 Santa Monica Boulevard, Los Angeles, California 90025. A majority of the Committee may designate a representative to act for it. Any member shall have the right to resign at any time. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed under this covenant. At any time, the then record owners (including Subdivider) of a majority of the lots shall have the power through a duly recorded written instrument to change the membership of the Committee or to withdraw from the Committee, or restore to it any of its powers and duties; in any event, the term of office of the three individuals hereinabove named to the Architectural Control Committee shall expire at such time as Subdivider in its sole discretion shall determine.

At such time as Subdivider shall determine and annually thereafter a meeting shall be called by the prior year's Architectural Control Committee upon not less than sixty (60) days nor more than ninety (90) days written notice to all voting owners. A voting owner shall be an owner in fee of a lot, which may include Subdivider. The meeting shall be held within ten (10) miles of the Property, a quorum at the meeting shall consist of at least fifty percent (50%) of the total votes then entitled to vote in accordance with the provisions of Paragraph 36 hereof, such fifty percent (50%) to be present at the meeting in person or by proxy. In the event such meeting cannot be held because a quorum is not present, those voting Owners present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time of the original meeting date, at which meeting the quorum requirement shall be twenty-five percent (25%) of the total votes then entitled to vote in accordance with the provisions of Paragraph 36 hereof. At the meeting, all candidates for election to the Architectural Control Committee shall be elected on one ballot and each owner shall be entitled to cast three (3) votes for each vote determined in accordance with the provisions of Paragraph 36 hereof, which he may distribute among as many candidates as he may choose. The three (3) candidates receiving the highest number of votes shall be elected to the Architectural Control Committee to serve for a term of one (1) year or until their successors are elected in accordance with the provisions of this Declaration. In the absence of action by the voting owners in accordance with the provisions of this Paragraph, and in the event of death or resignation of any member of the Committee, the remaining members shall have authority to designate a successor to fill such vacancy. Exercise of the right of appointment and removal, as set forth herein, shall be evidenced by the recordation of a written instrument identifying each new member appointed to said Committee and each member replaced or removed therefrom.

20. The Committee's approval or disapproval as required in these covenants, conditions and restrictions shall be in writing. In the event that the Architectural Control Committee, or its designated representative, fails to approve or disapprove any plan, specification, design or plot plan within sixty (60) days after the same shall have been submitted to it, then the provisions herein relating to the approval by the Architectural Control Committee shall be deemed to have been waived by said Committee as to such plan, specification, design or plot plan; provided, however, that such waiver shall not be deemed to be a waiver of any other covenant, condition or restriction herein provided. The method of submission shall be by the mailing of a first class United States Mail Certified Receipt Requested letter to any current member of the Architectural Control Committee. The sixty (60) day period shall begin to run on the date of receipt of said letter by the Committee member.

21. Neither Subdivider nor any member of the Architectural Control Committee shall be liable for damages to anyone submitting plans and specifications to it for approval or to any owner, occupant or guest, by reason of a mistake in judgement, negligence or nonfeasance arising in connection with the approval or disapproval of any plans and specifications. Anyone who submits plans and specifications to the Architectural Control Committee shall be deemed to have agreed by submission of such plans and specifications, and every owner and occupant of any Lot, or any part of the Property, agrees, by acquiring title and/or possessory rights thereto, that he will not bring any action or suit against Subdivider, any member of the Architectural Control Committee or its designated representative for the recovery of damages by reason of any such approval or disapproval.

22. No building, including without limitation, garages, shall be painted or repainted other than in its original colors until the new color has been approved by the Architectural Control Committee. Approval shall be obtained as provided in Paragraphs 19 and 20 hereof.

23. No clotheslines shall be placed nor shall any clothes be hung in any manner whatsoever on any lot in a location, including but not limited to the garage door, visible from a public street.

24. No mobile home, commercial vehicle, boat or recreational vehicle, including but not limited to trailers, campers or motor homes, may be parked at any time on any lot in an area visible from adjoining property or any public street. In addition, no automobile, mobile home, truck, commercial vehicle, boat, recreational vehicle, including but not limited to trailers, campers or motor homes, or other equipment, may be dismantled, repaired or serviced on any lot in an area visible from adjoining property or any public street.

25. No garage door is to be left open except at such time as a vehicle is entering or leaving said garage.

26. These covenants, conditions and restrictions are to run with the land and shall be binding on all Grantees of the lots above described and persons claiming under them. The covenants, conditions and restrictions set forth in Paragraphs 16, 17, 27 and 29 hereof shall continue in perpetuity Each and all of the remaining covenants, conditions and restrictions shall continue for a period of thirty-five (35) years from the date these covenants, conditions and restrictions are recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the record owners of a majority of the lots has been recorded, agreeing to change or revoke said covenants, conditions and restrictions in whole or in part.

27. Each Grantee of a lot in said tract agrees for himself, his heirs, assigns, or successors in interest that he will permit free access by owners of adjacent or adjoining lots to slopes or drainageways located on his property which affect said adjacent or adjoining lots, when such access is essential for the maintenance of permanent stabilization on said slopes, or maintenance of the drainage facilities for the protection and use of property other than the lot on which the slope or drainageway is located.

28. Subdivider or its designee shall have the right to enter upon each lot in said tract for the purpose of planting and maintaining the slope banks as required in an emergency situation. For other than emergency situations, subdivider or its designee shall have the right to enter upon each lot in said tract for the purpose of planting and maintaining the slope banks as required after three (3) days notice has been given to the Owner. Such entry shall be made with as little inconvenience to the Owner as possible and any damage caused thereby shall be repaired by Developer. Said right of entry shall exist for a period not to exceed ninety (90) days after the completion of the construction of all residential structures in said tract, at which time said right of entry and maintenance shall terminate as to said lot.

29. There are certain Slope-Control Areas on the property which is the subject of these Covenants, Conditions and Restrictions. "Slope-Control Areas" shall mean those lots in this tract within which lie areas which are constituted as sloped, banked or hillside and which extend three (3) feet or more in vertical height. The following lots are so designated, viz:

Lots 101, 102 and 106

Each owner of such lots severally agrees for himself, his heirs, assigns and successors in interest with respect to his lot as follows:

(a) No structures, planting or other material shall be placed or permitted to remain along, under or upon, nor shall any act be committed or act or omission suffered to be committed with respect to Slope-Control Areas which may damage or interfere with established slope ratios, create erosion or slide problems, or which may damage, obstruct, alter or retard the direction of the established drainage of water along, under, upon or within Slope-Control Areas or the flow of water through drainage channels located along, under, upon or within Slope-Control Areas.

(b) Each owner of any such lot (hereinafter referred to as "such lot owner") shall continuously maintain and preserve the Slope-Control Area which lies within such lot at his or her own expense, including but not limited to, adequately watering, fertilizing, replacing, trimming vegetation and improvements thereon, all in conformity to generally accepted horticultural and slope preservation standards.

(c) In the event any such lot owner shall fail or refuse to perform any of the aforesaid obligations, Subdivider or its authorized agents, Architectural Control Committee, successors in interest, or the owner of any other lot within the said tract (hereinafter referred to as "other lot owner") shall upon twenty-four (24) hours notice have the right to enter upon such lot for the purpose of performing said obligations, and shall not be liable for trespass for so doing; provided, however, any damage caused by such entry shall be repaired by the entering party.

(d) In addition to any other right or remedy provided in this Declaration, Grantee or his successors or assigns shall be obligated to pay the reasonable cost to Subdivider or any other lot owner of performing such obligations, together with interest thereon at eight percent (8%) per annum from the date such obligations are performed and all costs of collection which may be paid or incurred by Subdivider or other lot owner in connection therewith, including reasonable attorneys' fees, which may be enforced by Subdivider or its successors in interest, lot owner or Architectural Control Committee in the same manner provided by law with respect to any other contractual obligation.

30. No violation of any of the covenants, conditions or restrictions in this Declaration, nor any of the rights created hereunder upon any lot in said subdivision shall defeat or render invalid the lien of any holder of any indebtedness, or the renewal, extension or refinancing thereof, made in good faith and for value, and secured by any recorded trust deed upon such lot in favor of or for the benefit of any agency or officer of the United States of America, any agency or officer of the State of California, any institutional lender (meaning any bank, insurance company, savings and loan association or building and loan association), Subdivider, any wholly-owned corporate subsidiary of Subdivider, or any corporation of which Subdivider is a wholly-owned subsidiary, and the rights and remedies created hereby upon any such lot shall be subject and subordinate thereto; provided that, immediately after any power of sale or court foreclosure of any such trust deed by sale of such lot, this Declaration shall be binding upon and effective against any owner (including subdivider) whose title is derived through such a trustee's sale or court foreclosure, and the same rights and remedies shall attach and automatically be created on such lot under the applicable provisions hereof, without further act.

31. There are block walls and/or fences on the property which is the subject of these covenants, conditions and restrictions which were constructed by Subdivider. The Grantee of each lot upon which a portion of these walls and/or fences is located for himself, his successors and assigns agrees to maintain and repair said walls and/or fences on his lot as originally constructed and further agrees no changes or alterations shall be made in said walls and/or fences without approval by the Architectural Control Committee. Approval shall be obtained as provided in Paragraphs 19 and 20 hereof.

32. No solar equipment, including but not limited to solar collectors and solar panels, shall be installed until approval of the Architectural Control Committee has been obtained, as provided in Paragraphs 19 and 20 hereof, as to (i) type of solar equipment to be installed and (ii) location thereof.

33. Each of the provisions of these covenants, conditions and restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

34. Except as otherwise provided herein, Subdivider if, and only for so long as, it is an owner of one or more of said lots or has any other interest in the Property, or any owner or owners of any of the lots shall have the right to enforce any or all of the provisions of the covenants, conditions and restrictions upon any other owner or owners. In order to enforce said provision or provisions, any appropriate judicial proceeding in law or in equity may be initiated and prosecuted by subdivider or any such lot owner or owners against any other lot owner or owners. Subdivider shall be deemed to have an interest in the Property if Subdivider is a beneficiary of a deed of

trust or mortgagee of a mortgage encumbering any portion of the Property, or if Subdivider owns any interest in the Property or any improvement thereon. Failure by any owner (including Subdivider) to enforce any provision of this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

35. In any legal or equitable proceeding for the enforcement of or to restrain the violation of this Declaration of Covenants, Conditions and Restrictions or any provision thereof, the losing party or parties shall pay attorneys' fees of the prevailing party or parties, in such amount as may be fixed by the court in such proceeding.

36. In all cases where the owners are empowered to or may elect to vote on any matter covered by this Declaration including, by way of example and not by way of limitation, election to terminate this Declaration, as provided in Paragraph 26 hereof there shall be one vote allocated to each lot. When more than one person is an owner of any lot, the vote or votes for such lot shall be exercised as the owners thereof determine, but the vote attributable to such lot shall be cast by only one of the owners of such lot, who shall be designated by the several owners of such lot. In the absence of such a designation by such owners, and until such designation is made, no vote may be cast on behalf of such lot.

IN WITNESS WHEREOF, said Subdivider, PARDEE CONSTRUCTION COMPANY, a California corporation, has hereunto affixed its signature the day and year first hereinabove written.

PARDEE CONSTRUCTION COMPANY

By David E. Landon
David E. Landon, Exec. Vice President

By Nancy Mcclendon
Nancy Mcclendon, Assistant Secretary

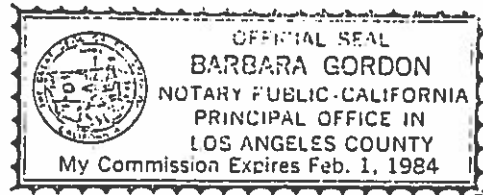
STATE OF CALIFORNIA)
) SS.
COUNTY OF Los Angeles)

On November 3, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared David E. Landon personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Exec Vice President, and Wancy McClendon personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Assistant Secretary of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Barbara Gordon
Signature

Barbara Gordon
Name (Typed or Printed)



(This area for official notarial seal)