

WHEN RECORDED RETURN TO:

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MESERVE, MUMPER & HUGHES
5190 Campus Drive
Newport Beach, California 92660
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RECORDING REQUESTED BY
STEWART TITLE COMPANY
RECORDED IN OFFICIAL RECORDS
OF ORANGE COUNTY, CALIFORNIA

4:00
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Lee A. Branch COUNTY
RECORDER

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND DECLARATION OF ANNEXATION OF
PLANNED UNIT DEVELOPMENT PROJECT
INTO
MARINA HILLS PLANNED COMMUNITY
AND ESTABLISHMENT OF
DELEGATE DISTRICT NO. 2

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COVENANTS, CONDITIONS AND RESTRICTIONS
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PLANNED UNIT DEVELOPMENT PROJECT
INTO
MARINA HILLS PLANNED COMMUNITY
AND ESTABLISHMENT OF
DELEGATE DISTRICT NO. 2

THIS SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND DECLARATION OF ANNEXATION OF PLANNED UNIT DEVELOPMENT PROJECT INTO MARINA HILLS PLANNED COMMUNITY AND ESTABLISHMENT OF DELEGATE DISTRICT NO. 2 ("Declaration of Annexation") is made this 14th day of July, 1987, by RADNOR/PENNHILL/LAGUNA PARTNERSHIP, a general partnership, ("Declarant").

P R E A M B L E

A. Declarant is the owner of that real property located in the County of Orange, State of California, described below ("Annexed Land"):

Lots 1 through 58, inclusive, of Tract No. 12679 as shown on Map filed in Book 576, Pages 46 through 49, inclusive, of Maps in the Office of the Recorder of Orange County, California.

B. The Annexed Land is part of the Annexable Area as defined in that certain Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Marina Hills Planned Community, defined below ("Master Declaration").

C. Declarant herein is the successor-in-interest to Taylor Woodrow Homes California Limited, a California corporation, the "Declarant" under the Master Declaration, who, in cooperation with the County of Orange, has created a master plan for the development of the real property covered by the Master Declaration ("Master Development Plan").

D. In furtherance of the Master Development Plan for the Properties as described in the Master Declaration, Declarant has improved or intends to improve the Annexed Land by causing to be constructed thereon fifty-eight (58) detached, single-family residences and related amenities as hereinafter defined (the "Project"), and to cause the Annexed Land to be annexed into and become a part of the Marina Hills Planned Community.

E. Declarant has deemed it desirable to impose a general plan for the improvement and development of the Annexed Land described herein and the adoption and establishment of covenants, conditions and restrictions upon said 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 said Annexed Land.

F. Declarant will convey title to all of said Lots in the Annexed Land subject to the protective covenants, conditions and restrictions hereinafter set forth.

G. Pursuant to Article III of the Master Declaration, Declarant now desires to add the Annexed Land to the Properties as defined in the Master Declaration as Delegate District No. 2.

H. In addition, Declarant shall provide for the annexation of additional properties to be made subject to this Declaration of Annexation.

NOW, THEREFORE, Declarant hereby declares that the Annexed Land is hereby added to and made a part of the Properties subject to the Master Declaration, as Delegate District No. 2. The Annexed Land and all of said Lots described above shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part, subject to this Declaration of Annexation and the Master Declaration, all in accordance with the following:

ARTICLE I DEFINITIONS

All of the terms set forth in Article I of the Master Declaration shall apply to this Declaration of Annexation. In addition, the following terms shall be applicable to this Declaration of Annexation and are defined as follows:

Section 1.1. Annexable Land: "Annexable Land" shall be as defined in the Master Declaration and shall specifically mean and refer to the real property described as follows:

Lots 1 through 43, inclusive, of Tract No. 12680, as shown on a Map filed in Book 581, Pages 26 to 29, inclusive, of Maps, in the office of the County Recorder of Orange County, California.

Section 1.2. Master Declaration: "Master Declaration" shall mean and refer to that certain Master Declaration of Covenants, Conditions and Restrictions as recorded on September 3, 1987, as Instrument No. 87-502874, Official Records of Orange County, California, as amended.

ARTICLE II
ELECTION OF DELEGATE

Upon the recordation of this Declaration of Annexation, the Annexed Land shall comprise Delegate District No. 2, as defined in the Master Declaration. Therefore, the Owners of Lots in the Annexed Land shall elect a Delegate in accordance with the provisions set forth in the Master Declaration for the election of delegates in those portions of the Properties that are without a Sub-Association.

ARTICLE III
ARCHITECTURAL CONTROL

Owners and occupants of any Lots shall be subject to those provisions of the Master Declaration concerning Architectural Control. Without limiting the generality of the foregoing, Owners and occupants shall be required to observe and obey any and all rules and guidelines established for the submission of plans and specifications which may be established or required by the Architectural Committee, as defined and provided in the Master Declaration.

ARTICLE IV
EASEMENTS

Section 4.1. Easement of Use and Enjoyment Over Association Property: By the provisions of the Master Declaration, there has been granted to each Member an easement of ingress, egress, use and enjoyment over Association Property, which property, pursuant to the terms of the Master Declaration, is for the common use and enjoyment of the Members of the Master Association. Such easements and each of the easements provided for herein shall be deemed to be established upon the recordation of this Declaration of Annexation, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Lots, superior to all other encumbrances applied against or in favor of any portion of the Properties which is the subject of this Declaration of Annexation. In furtherance of the easements provided for in this Declaration of Annexation, the individual grant deeds to Lots may, but shall not be required to, set forth said easements.

Section 4.2. Mailbox Easements: Mailboxes may be provided in clusters in front yards along the rear of the sidewalks in conformity with current federal postal regulations. The precise location of such mailboxes shall be determined by Declarant, and each Owner will be notified at the time of sale of the location of his mailbox and any other mailboxes to be located on his Lot. Mailboxes shall be uniform in design and color, and the maintenance of each mailbox shall be the duty of the Master Association. Each Lot on which there are mailboxes located for the delivery of mail to Owners of Lots, other than the Lot on which the mailboxes are located, shall be subject to irrevocable licenses in favor of the United States Postal Service and persons for whom mail is delivered in said mailboxes for the purposes of necessary access to said mailboxes for the delivery and receipt of mail. The rights and duties provided in this Article shall run with the land and shall be binding on each Owner and their heirs, successors and assigns, but shall expire at such time as the United States Postal Service shall agree to deliver mail to individual Lots in other than curbside mailboxes.

ARTICLE V
MASTER ASSOCIATION MAINTENANCE AREAS

Section 5.1. Classification as Master Association Maintenance Areas: Those portions of the Lots as shown on Exhibit "A" attached hereto are hereby classified as Master Association Maintenance Areas, as that term is defined in the Master Declaration. Such Master Association Maintenance Areas shall be subject to those provisions of the Master Declaration which govern the Master Association's rights and responsibilities concerning their care and maintenance of such Master Association Maintenance Areas.

Section 5.2. Irrigation System: Declarant hereby grants, for the benefit of the Master Association, easements of access, use and repair over those areas of the Lots in the Annexed Land in which irrigation water lines and other equipment have been actually placed or will be actually placed for purposes of maintaining, replacing and repairing such lines and equipment which provide irrigation water to the Master Association Maintenance Areas.

Section 5.3. Rights and Easements of Master Association: Declarant hereby reserves the right to make any and all cuts and fills on any Lots and to do such grading as in its judgment may be necessary to grade streets and Lots. Each of the Owners of the Lots covenants to permit free access by Declarant and Owners of adjacent Lots to slopes or drainage ways located on any Owner's property when such access is required for the stabilization of such slopes, for the maintenance of the drainage facility, or for the

protection and use of property other than the Lot on which the slope or drainage way is located. No change in the established grade or elevation of said Lots and no change in the established slope and ratio of the cuts and fills which alters the established drainage patterns shall be permitted. No structure, planting or other material shall be placed or permitted to remain, or other activities undertaken on said areas which might damage or interfere with established slope ratios, cause erosion or sliding problems or interfere with established drainage functions or facilities.

ARTICLE VI
PARTY WALLS AND FENCES

Section 6.1. General Rules of Law to Apply: Each wall or fence which is built as a part of the original construction of the homes upon the Annexed Land and placed between the Lots shall constitute a party wall; and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 6.2. Architectural Control: Any and all construction, addition, modification, decoration, redecoration or reconstruction of a party wall shall be subject to those provisions of the Master Declaration concerning architectural control.

Section 6.3. Sharing of Repair and Maintenance: The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 6.4. Destruction by Fire or Other Casualty: If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it; and, if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 6.5. Waterproofing: Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6.6. Right to Contribution Runs with Land: The right of any Owner to contribution from any other Owner

under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6.7. Arbitration: In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII GENERAL RESTRICTIONS

In addition to those restrictions set forth in the Master Declaration, the Owners shall covenant as follows:

Section 7.1. Single Family Dwellings Only: No building, structure or improvement shall be constructed, erected, altered, placed or permitted to remain on any of the Lots within the Annexed Land, other than a one-family dwelling designed for occupation of not more than one family together with outbuildings hereinafter permitted.

Section 7.2. Projections: No projection of any type shall be placed or permitted to remain above the roof of any residential building with the exception of one or more chimneys and one or more vent stacks. No outside air conditioning units, evaporating coolers, television or radio pole or antenna shall be constructed, erected or maintained on any building or on any Lot or any Common Area, or connected in such manner as to be visible from the outside of any such building, unless constructed thereon by Declarant.

Section 7.3. Television; Radio: No alteration to or modification of the radio and/or television antenna system, as developed by Declarant, shall be permitted; and no Owner may be permitted to construct and/or use and operate his own external radio and/or television antenna.

Section 7.4. Landscaping: Within one hundred eighty (180) days after the conveyance of a Lot to an Owner, the Owner shall landscape the front yard of his Lot and, in addition, the side yard on the street side of any corner Lot. In the event of default by an Owner in the performance of this section, Declarant or Master Association shall have the right to enter upon said Lot and remove any weeds, plants, rubbish, debris, objects or materials and do all things necessary to place the Lot in a neat and orderly condition, including, but not limited to, the installation of lawns and landscaping on yards and slope areas. Any expenses shall constitute Special Assessments, and payment therefor shall become due and payable from the Owner of said Lot to the Master Association within ten (10) days after written demand therefor. Failure to pay the amount of such Special Assessment shall subject

the Owner of such Lot to the procedure specified in the Master Declaration whereby the Master Association is empowered to record assessment liens against such Lot and enforce the payment of such Special Assessment.

Section 7.5. Breach of Declaration: A breach of any of the covenants, conditions or restrictions of this Declaration of Annexation shall not defeat or render invalid the lien of any first Mortgage or deed of trust made in good faith and for value on any Lot of the Annexed Land or any portion thereof, but said covenants and restrictions shall be binding upon and effective against any Owner of any of said Lots whose title is acquired by the foreclosure of any lien or mortgage thereon or sale under any deed of trust given to secure the payment of money.

ARTICLE VIII ANNEXATION

Section 8.1. By Declarant: If Declarant, its successors or assigns shall develop additional lands within the area described as the Annexable Land in conformance with a detailed plan or phased development submitted to the California Department of Real Estate with the application for a Public Report for the first phase of the Project, Declarant and its successors and assigns shall have the right to annex the Annexable Land or any part thereof to the Annexed Land, and to bring the Annexable Land within the scheme of this Declaration without the approval of the Board or the Members of the Association; provided said right of the Declarant shall terminate on the expiration of three (3) years from the date of issuance by the Department of Real Estate of the State of California of the original Public Report issued with respect to the immediately preceding phase.

Section 8.2. By Others: Except as otherwise provided in Section 11.1, above, additional lands may be annexed to the Property and brought within the scheme of this Declaration upon the approval by vote or written assent of not less than two-thirds (2/3rds) of the voting power of the Members and a majority of the votes of Members other than the Declarant.

Section 8.3. Declaration of Annexation: Upon obtaining the requisite approval, the Declarant or owner of any property who desires to annex it to the Annexed Land and add it to the scheme of this Declaration, and to subject it to the jurisdiction of the Master Association, shall file to record a Declaration of Annexation which shall extend the scheme of the covenants, conditions and restrictions of this Declaration to such Annexable Land or to other property and subject it to the jurisdiction of the Master Association and this Declaration. Such Declaration of Annexation may contain

such complementary additions and 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 properties and as are not inconsistent with the scheme of this Declaration. In no event, however, shall any Declaration of Annexation revoke, modify or add to the covenants and restrictions established by this Declaration or other Declaration of Annexation in such a way that creates ex post facto covenants, conditions and restrictions within the Property.

Section 8.4. Construction Easements: Declarant hereby reserves to itself an easement of ingress, egress and use over the Annexed Land for purposes of constructing, developing and marketing the Annexable Land or other property. Declarant shall enjoy this easement until such time as the construction, development and marketing of the Annexable Land or other property has been completed, but only to the extent as is reasonably necessary. Declarant covenants to repair any damage done to the Annexed Land in the course of its use and enjoyment of this easement.

ARTICLE IX GENERAL PROVISIONS

Section 9.1. Term: The covenants and restrictions of this Declaration of Annexation as they may be amended from time to time shall run concurrently with the Master Declaration as it may be amended from time to time.

Section 9.2. Enforcement: The Master Association, or any Owner, or the successor in interest of an Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration of Annexation 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 violation. Failure by the Master Association, Declarant, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 9.3. Severability: Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 9.4. Construction. The provisions of this Declaration of Annexation 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 Association Property, Common Areas and Master Association Maintenance Areas in conjunction with the provisions of the Master Declaration. Section headings are inserted for convenience only and are not intended to be a part of this document or in any way to define, limit or describe the scope or intent of the particular section to which they refer.

Section 9.5. Singular Includes Plural: Whenever the context of this Declaration of Annexation requires it, the singular shall include the plural and the masculine shall include the feminine.

Section 9.6. Attorneys' Fees: In the event action is instituted against an Owner to enforce any of the provisions contained in this Declaration of Annexation, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment reasonable attorneys' fees and costs of such action. In any action at law or in equity wherein the prevailing party is the Master Association, the Master Association shall be empowered and authorized to obtain the reimbursement of attorneys' fees and costs as Special Assessments against the Lot of such Owner if it so elects.

Section 9.7. Amendments: This Declaration of Annexation may be amended with vote or written assent of the total voting power of Owners in the Annexed Land excluding the Declarant. However, no amendment to this Declaration of Annexation shall be recognized or given effect if such amendment is contrary to, or inconsistent with, or nullifies, or materially alters or renders ineffective, any provision of the Master Declaration, as it may be amended from time to time, the provisions and terms of which shall be controlling in all instances.

Section 9.8. County Approval: Notwithstanding anything contained herein to the contrary, so long as any property subject to this Declaration of Annexation lies outside the boundaries of an incorporated city, the County of Orange shall have the power to veto any purported amendment or termination of this Declaration of Annexation, based upon whether the Annexed Land, after such termination or amendment, will continue to enjoy adequate provisions for preservation and maintenance of any Common Area and the Master Association Maintenance Areas. No amendment or written agreement purporting to terminate or modify the maintenance provisions of this Declaration of Annexation shall be effective without the mailing of written notice thereof, return receipt requested, to the Assistant Director, Environmental Management Agency -- Regulations and the County Counsel of Orange County. If no veto has been exercised by the Assistant Director or the County Counsel within fifteen (15) days of the receipt of

such notice, such amendment or termination shall thereafter become effective.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein and all the other Owners of the Property affected hereby, have hereunder set their hand this 10-26 day of October, 1987.

RADNOR/PENNHILL/LAGUNA PARTNER-
SHIP, a California General
Partnership,

By: RADNOR/LAGUNA CORPORATION, a
Delaware corporation, its
Partner

By: William P. Laugaland
William P. Laugaland,
Vice President

By: LAGUNA PARTNERS, a
California General Partner-
ship, its Partner

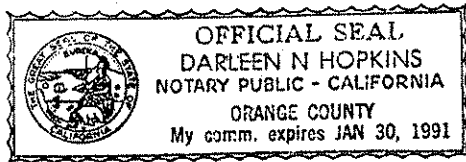
By: Thomas E. Tucker
Thomas E. Tucker,
General Partner

By: William E. Garwin
William E. Garwin,
General Partner

STATE OF CALIFORNIA)
) ss.
 COUNTY OF ORANGE)

On July 14, before me, the undersigned, a Notary Public in and for said State, personally appeared William P. Laugaland, personally known to be (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as Vice President on behalf of RADNOR/LAGUNA CORPORATION, a Delaware corporation, the corporation therein named and acknowledged to me that said corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors, said corporation being known to me to be one of the partners of RADNOR/PENNHILL/LAGUNA PARTNERSHIP, a California General Partnership, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

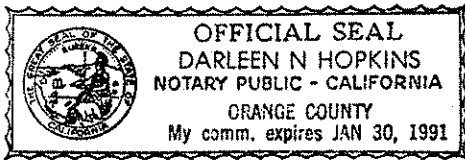


Darleen N Hopkins
 NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
 COUNTY OF ORANGE)

On July 14, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS E. TUCKER and WILLIAM E. GARWIN, personally known to be (or proved to me on the basis of satisfactory evidence) to be the persons that executed the within instrument as general partners on behalf of LAGUNA PARTNERS, a California General Partnership, the partnership therein named and acknowledged to me that the partnership executed it.




WITNESS my hand and official seal.

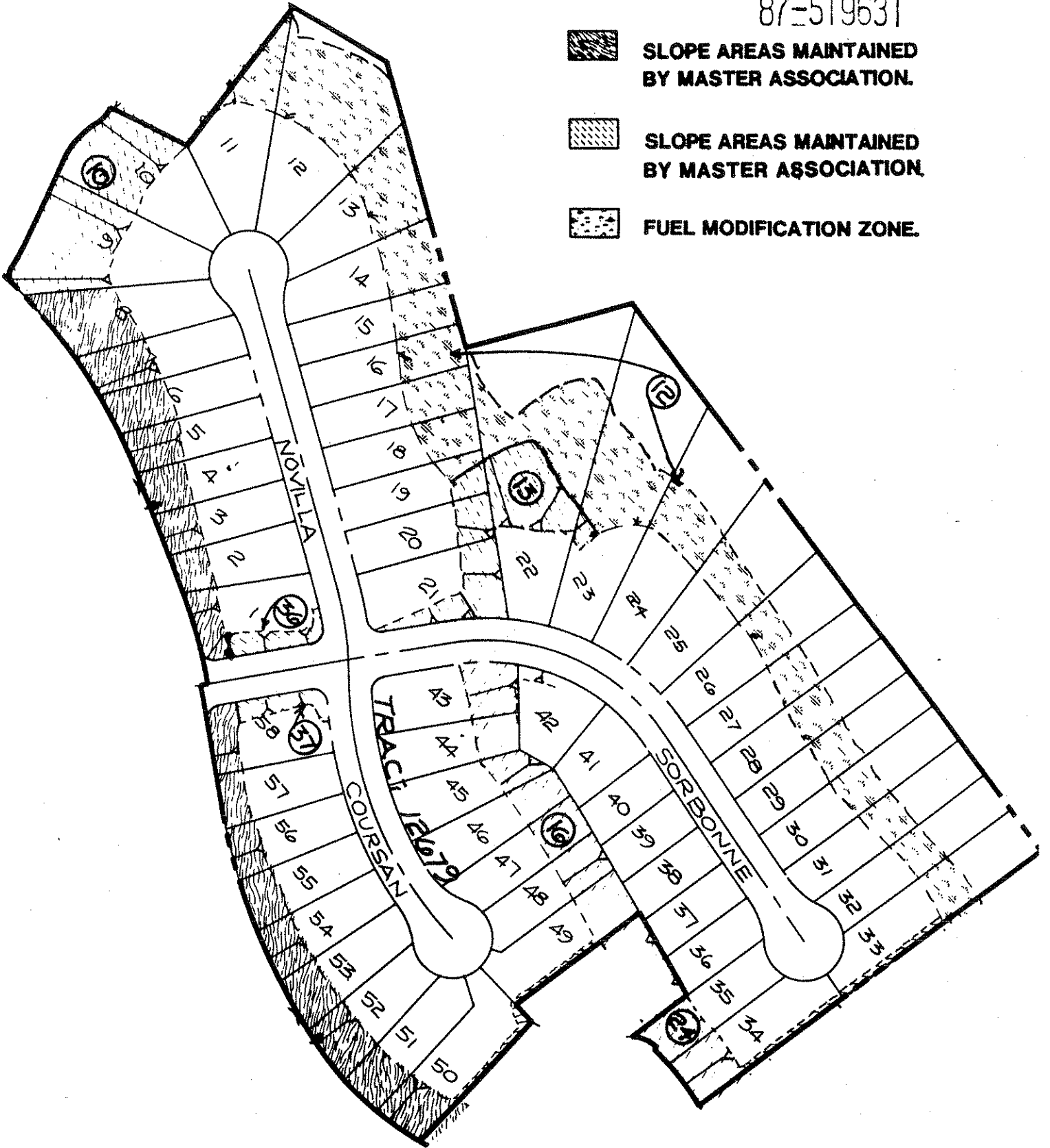


Darleen N Hopkins
 NOTARY PUBLIC

EXHIBIT "A"

Master Association Maintenance Areas

-  SLOPE AREAS MAINTAINED BY MASTER ASSOCIATION.
-  SLOPE AREAS MAINTAINED BY MASTER ASSOCIATION.
-  FUEL MODIFICATION ZONE.



TRACT 12679
MASTER ASSOCIATION MAINTENANCE AREAS

