

DATE: Received August 23, 1995

TO: Everett R. Kirkelie
Debbie L. Kleinpeter

FROM: Linda Moglia

Debbie,

Enclosed are the charter documents that Everett wants. They include:

1. Articles of Incorporation
2. Budget
3. By-Laws
4. Complete Lot Lease
5. CC & R's

Linda

ARTICLES OF INCORPORATION

OF

WEST CAMPUS POINT HOMEOWNERS ASSOCIATION

I.

The name of this corporation is West Campus Point Homeowners Association.

II.

A. This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

B. The specific purpose of this corporation is to own and to provide management, maintenance, preservation and control of the lots and areas owned in common by the owners of the separately owned lots in a development known as West Campus Point, Goleta, in the unincorporated area of Santa Barbara County, California, and to enforce the provisions of any Declaration of Covenants, Conditions and Restrictions recorded in Santa Barbara County with respect to all or any portion of West Campus Point.

III.

The name and address in the State of California of this corporation's initial agent for service of process is:

Steven K. McGuire
317 East Carrillo Street, Suite 100
Santa Barbara, California 93101

IV.

The Articles of Incorporation of the corporation may be amended only by the vote at a duly called meeting or written consent of:

(a) At least a fifty-one percent (51%) vote of the Directors of the Association;

(b) At least a fifty-one percent (51%) vote of the voting power of the Association; and

(c) At least a fifty-one percent (51%) of members other than the subdivider.

V.

Notwithstanding any other provision in these Articles of Incorporation, the corporation shall be subject to the following limitations and restrictions:

A. The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax Laws.

B. The corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax Laws.

C. The corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax Laws.

D. The corporation shall not make any investments in such manner as to subject it to a tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal Tax Laws.

E. The corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this corporation.

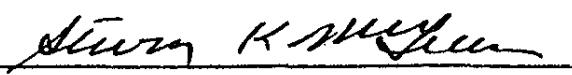
F. No part of the net earnings of this corporation shall inure to the benefit of any private member or individual other than by acquiring, constructing, or providing management, maintenance, and care of association property and other than by a rebate of excess membership dues, fees, or assessments.

Dated: August 21, 1980.



Steven K. McGuire

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.



**West Campus Point
Homeowners' Association**

**Post Office Box 6970
Santa Barbara, CA 93160**

**AMENDMENT TO BYLAWS
Passed July, 1990, by ballot vote of members**

ARTICLE IV, Section 4.02

Annual Meeting. Annual meetings of the members shall be held no more than 60 days nor less than 30 days prior to the close of the fiscal accounting year of the Association, at a time, date, and place to be determined by the Board of Directors.

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BYLAWS
OF
WEST CAMPUS POINT
HOMEOWNERS' ASSOCIATION

ARTICLE I

Purposes and Definitions

The primary and specific purposes and general purposes of the Association are set forth in the Articles of Incorporation of the Association. In furtherance of these purposes, the Association shall maintain all the common areas and facilities within the development.

All of those definitions contained in that Declaration of Covenants, Conditions and Restrictions recorded on _____ as Instrument No. _____ of the Official Records of Santa Barbara County, California, (herein "Declaration") are hereby incorporated by reference.

ARTICLE II

Principal Office

The principal office for the transaction of the business of West Campus Point Homeowners' Association (herein called "the Association") shall be located within the development or as close thereto as practicable and shall be specified by the Board.

ARTICLE III

Members

3.01. Number of Members. There shall be one (1) membership for each residence lot, excluding residence lots owned by the Association, located within the development. There shall be no classification of membership in the Association, and each membership shall be appurtenant to a residence lot in the development.

3.02. Qualification of Members. Each residence lot in the development shall be entitled to one (1) membership in the Association. That membership, in the case of a residence lot which is leased by a single natural person, shall belong to such person. Where the residence lot is leased by more than one (1) person, or by an entity other than a natural person, such lessee or lessees shall, from time to time, designate one (1) natural person in writing to vote and exercise all of the rights of membership; in the case of a residence lot leased by a number of persons, including residence lots leased in joint tenancy or in a tenancy in common, the person so designated must be one of such joint lessees. In the case of a contract of sale of a residence located on any residence lot in the development, the contract purchaser of such residence shall be entitled to the membership for such residence lot effective upon the transfer of possession to him/her of such residence lot. Any lessee of an interest in any residence lot, even though not designated as the voting member, shall nevertheless be jointly and severally responsible for the dues, assessments and charges levied against, incurred by or attributed to the membership derived from the residence lot in which such lessee has an interest.

3.03. Transfer of Membership. Membership in the Association shall be transferable only when the entire leasehold interest in a given residence lot has been validly conveyed or assigned by written instrument or by operation of law. In connection with any transfer pursuant to this section, the Association may charge the transferor-member a Ten Dollar (\$10.00) transfer fee for each transfer; provided, however, no such charge may be made to the holder of a first deed of trust who acquires title to any residence by foreclosure, trustee's sale or a deed in lieu of foreclosure. The provisions of this section shall not apply to the subdivider, its successors in interest or assigns. The term "successor in interest or assigns" of the subdivider, as used herein, shall not apply to lessees of a residence lot from the subdivider.

3.04. Voting and Majority Rule. Each member shall be entitled to one vote for each membership on all questions provided that there shall be only one (1) vote for each residence lot irrespective of the number of lessees of that residence lot and the term "voting power of the Association" shall mean the total of all such memberships. Except as expressly provided elsewhere in these Bylaws and in the Declaration, a simple majority of the members present, if constituting a quorum, shall prevail on all questions.

ARTICLE IV

Meetings of Members

4.01. Place of Meeting. All annual and other meetings of members shall be held at the development or at such other place as close thereto as practicable. Any meeting is valid wherever held, if held by the written consent of all members entitled to vote thereat, given either before or after the meeting and filed with the Secretary of the Association.

4.02. Annual Meeting. Annual meetings of the members shall be held within a period of thirty (30) days before or thirty (30) days after the anniversary date of the first annual meeting at 8:00 o'clock p.m. local time.

Written notice of each annual meeting shall be given by the Secretary of the Association to each member entitled to vote, either personally or by sending a copy of the notice through the mail or by telegraph, charges prepaid, to his/her address appearing on the books of the Association or supplied by him/her to the Association for the purpose of the notice. If a member supplies no address, notice shall be deemed to have been given to him/her if mailed to the address of the residence lot affected, or published at least once in some newspaper of general circulation in the County of Santa Barbara. All such notices shall be sent to each member entitled thereto not less than ten (10) days nor more than sixty (60) days before each annual meeting, and shall specify the place, the date and the hour of such meeting.

4.03. Organizational Meeting. An organizational meeting of the members shall be held either (i) within six (6) months from the date of sale by the subdivider of the first residence in the development or (ii) within forty-five (45) days after fifty-one percent (51%) of the residences in the development have been sold, whichever first occurs. The term "sale," as used herein, shall mean in addition to purchase and sale as connoted thereby the transfer of possession of a residence by lease with an option to purchase or by contract of sale.

4.04. Special Meetings. Special meetings of members for any purpose or purposes whatsoever shall be called at any time by the President or by the Board, or by a majority of a quorum of directors, or by receipt of a written request therefor signed by members representing not less than five percent (5%) of the voting power of the Association. Except in special cases where other expressed provision is made by statute, notice of such special meetings shall be given in the same manner as for the annual meetings of members. Notices of any special meeting shall specify, in addition to the place, the date and the hour of such meeting, the general nature of the business to be transacted thereat.

4.05. Record Date and Closing Membership Register. The Board may fix a time in the future not exceeding fifteen (15) days preceding the date of any meeting of members, as a record date for the determination of the members entitled to notice of and to vote at such meeting, and in such case, only members of record on the date so fixed shall be entitled to notice of and to vote at such meeting, notwithstanding any transfer of any memberships on the books of the Association after any record date fixed as aforesaid. The Board may close the books of the Association against transfers of memberships during the whole or any part of any such period.

4.06. Adjourned Meetings. Any members' meeting, annual or special, in the absence of a quorum, may be adjourned from time to time by the vote of a majority of the voting power of the Association represented at such meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called. In the absence of a quorum, which at such adjourned meeting shall be not less than one-fourth (1/4) of the voting power of the Association, no other business may be transacted at any such meeting. It shall not be necessary to give any notice of such adjournment or of the business to be transacted at an adjourned meeting other than by

announcement at the meeting at which the adjournment is taken. If for any reason a time and place for the adjourned meeting is not fixed by those in attendance at the meeting at which the adjournment is taken or a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to members in the same manner as for the annual meetings of members.

4.07. Entry of Notice. Whenever any member who is entitled to vote has been absent from any meeting of members, whether annual or special, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to each member as required by law and the Bylaws.

4.08. Quorum. Except as provided in Section 4.06 relative to adjourned meetings, the presence in person or by proxy of members entitled to cast in excess of one-third (1/3) of the voting power of the Association shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum; provided, however, that there shall be deemed a quorum if there are present at the meeting when reconvened pursuant to Section 4.06 at least one-quarter (1/4) of the voting power of the Association.

4.09. Consent of Absentees. The transaction of business at any meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

4.10. Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the member executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed two (2) years from the date of its execution.

4.11. Balloting. On all questions where a majority of the voting power of the Association deems it necessary, and in any event in the election or removal of members of the Board, ballots shall be cast secretly and in writing, folded in such a manner that the way in which the ballot is marked cannot be seen, and deposited into a receptacle. The ballots shall be counted immediately upon collection thereof by two (2) members selected by the Chairman of the meeting. The Chairman shall announce the results of the balloting immediately, and the ballots may be inspected by any member.

4.12. Action Without a Meeting. Any action which may be taken by the vote of members at a regular or special meeting, except the election of governing body members where cumulative voting is a requirement, may be taken without a meeting in accordance with Corporations Code Section 7513.

ARTICLE V

Directors

5.01. Powers. Subject to limitations of the Articles of Incorporation or the Bylaws or the California Corporations Code as to the action to be authorized or approved by the members and subject to the duties of directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under authority of, and the business and affairs of the Association shall be controlled by, the Board of Directors; without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers:

(a) To elect and remove all officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or these Bylaws, fix their compensation and require from them security for faithful service.

(b) To conduct, manage and control the affairs and business of the Association, to provide for internal security, fire protection, water service and such other common services and utilities as they may deem necessary and advisable, to maintain the roads, common areas and common facilities of the Association, including any real or personal property owned by the Association, and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation or the Bylaws as they may deem best.

(c) To contract and to levy assessments for the activities herein authorized including such acts as may be incidental to the stated powers and authorities and affairs of the Association.

(d) To adopt, make and use a corporate seal, and to prescribe the forms of certificates of membership, and to alter the form of such seal and of such certificates from time to time as in their judgment they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law.

(e) To authorize the issuance of memberships to such persons as shall be eligible for membership as provided in Article III of the Bylaws.

(f) To appoint an executive committee and to delegate to such committee, subject to the control of the Board, any of the powers and authority of the Board.

(g) To enforce the provisions of these Bylaws, the Articles of Incorporation and the Declaration of Restrictions described in Article I

hereof, and/or to seek recovery of damages for any breach thereof that causes injury or loss to other owners or the Association.

(h) To exercise all the powers and authorities set forth in the Declaration including, without limitation, the assessment powers therein.

(i) To contract and to pay for maintenance, gardening, utilities, materials and supplies and services relating thereto within the development and to employ personnel reasonably necessary for the operation of the project including lawyers and accountants where appropriate.

(j) To enter upon the residence lots and the improvements thereon as necessary in connection with construction, maintenance or emergency repair for the benefit of the common area or of the members in common.

(k) To pay taxes and special assessments which are or would become a lien on the property of the Association, if any.

(l) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds, as required by the Declaration or the Bylaws or as deemed advisable by the Board.

(m) To delegate its powers.

(n) To fill vacancies on the Board.

(o) Pursuant to uniform rules, to suspend the voting rights or any other privileges of membership herein of a member for any period during which any assessment against his/her residence lot remains unpaid or for any period during which any infraction by an owner, his/her family or guests of this Declaration, the Bylaws, Articles of Incorporation or rules continues and up to thirty (30) days after the procedures hereafter enumerated are followed:

[i] Written notice of the proposed suspension and the reasons therefor is given to the members at least fifteen (15) days prior to the effective date of the Board action.

[ii] The member is given an opportunity to submit to the Board his/her oral or written response to the notice not less than five (5) days prior to the effective date of the proposed suspension.

[iii] The notice required above shall be given by first-class mail or registered mail sent to the last address of the owner on the Association's records.

(p) To impose reasonable monetary penalties for any failure to comply with the Declaration, Bylaws or Association rules, provided that such penalty shall be imposed only after notice and an opportunity to be heard are given in the manner prescribed in Section 5.01(o).

5.02. Limitation of Powers. Notwithstanding any or all of the powers

set forth in Section 5.01, without the prior vote or written consent of a majority of the total voting power of the Association, the Board shall not:

(a) Enter into any contracts which bind it or the Association for a period in excess of one (1) year, provided that any management agreement for the development shall further provide that it can be cancelled upon thirty (30) days' written notice by the Association, except for the following:

[i] A management contract, the terms of which have been approved by the Federal Housing Administration or Veteran's Administration;

[ii] Prepaid casualty and/or liability insurance policies for a term not to exceed three (3) years' duration provided that the policy permits a short rate cancellation by the insured.

[iii] Agreements for cable television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which the subdivider has a direct or indirect ownership interest of ten percent (10%) or more.

[iv] Common Area Lease entered into by the Association and the Regents of the University of California dated _____, 1986.

[v] Utility Services Agreement entered into by the Association and the Regents of the University of California dated _____, 1986

(b) During any one (1) fiscal year sell property of the Association or incur aggregate expenditures for capital improvements to the common area having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business except that such persons may be reimbursed for expenses incurred in carrying on the Association's business.

5.03. Number and Qualification of Directors; Quorum. The Board shall consist of at least three (3) and no more than five (5) directors until changed by appropriate amendment. A majority of directors constitute a quorum. The exact number of directors shall be determined by the members at any annual meeting of members, provided that no incumbent director shall have his or her term shortened by such action except as otherwise provided herein.

5.04. Election, Term of Office and Removal. All directors shall be elected at the organizational meeting of members and at each subsequent annual meeting of members to serve for a term of one (1) year, but if any such annual meeting is not held or the directors are not selected thereat, the directors may be elected at any special meeting of members held for that purpose. All directors, unless removed, shall hold office until their respective successors are elected. In any vote for the election of or removal of

more than one (1) director, no member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the member has given notice at the meeting prior to the voting of the member's intention to cumulate votes. If any one member has given such notice, all members may cumulate their votes for candidates in nomination; that is, all or any part of the total number of votes that each member has (based upon one vote per member for each vacancy to be filled or director to be removed) may be cast for the election of or removal of any one (1) director. However, unless the entire Board is removed from office by the vote of members of the Association, no individual director shall be removed prior to the expiration of his/her term of office if the votes cast against removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire Board authorized at the time of the most recent election of the director were then being elected. The first election shall be held either (i) within six (6) months from the date of sale by the subdivider of the first residence lot in the development, or (ii) within forty-five (45) days after fifty-one percent (51%) of the residence lots in the development have been sold, whichever first occurs. When cumulative voting does not permit the members other than the subdivider to elect one director, then such members shall nevertheless be permitted to elect one director. When a director elected by the members other than the subdivider is to be removed, the consent or vote of a majority of members other than the subdivider must be obtained to effect such removal, subject to the above requirements for removal.

5.05. Vacancies. Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, and each director so elected shall hold office until his/her successor is elected at an annual meeting of members or at a special meeting called for that purpose. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or sale of his/her residence lot by any director, or if the members shall increase the authorized number of directors but fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional directors so provided for, or in case the members fail at any time to elect the full number of authorized directors, or if a director is removed by the members. The members may at any time elect directors to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the Bylaws is voted authorizing an increase in the number of directors. If any director tenders his resignation to the Board, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term in office.

5.06. Place and Notice of Meeting; Right to be Heard. Unless otherwise permitted by law, all meetings of the Board shall be held at such time and at any such place or places within the development as designated at any time by resolution of the Board or by written consent of all members of the Board. Notice of all regular meetings of the Board shall be posted at a prominent place in the common area and communicated to each Director at least four (4) days prior to the meeting; provided, however, that notice of a meeting need

not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. Subject to the provisions of Section 5.12, infra, all regular and special meetings of the Board shall be open to all members of the Association; however, such members who are not on the Board shall not have the right to speak unless authorized by a majority of a quorum of the Board.

5.07. Organization Meeting. Immediately following each annual meeting of members, the Board shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meetings is hereby dispensed with.

5.08. Other Regular Meetings. Other regular meetings of the Board may be held at such place and day and hour as may be fixed from time to time, subject to the notice requirements contained in Section 5.06, supra. Regular meetings of the Board shall be held at least every three (3) months and more frequently when the business to be transacted by the Board justifies more frequent meetings.

5.09. Special Meetings. Special meetings of the Board for any purpose or purposes whatsoever may be called at any time by the President or any two (2) directors and upon written notice being delivered to each director and posted in the manner prescribed for notice of regular meetings and specifying, in addition to the place, the date and the hour of such meeting, the general nature of the business to be transacted thereat; provided, however, that notice need not be given to any Director who has signed a waiver of notice or consent to holding the meeting.

5.10. Majority Rule. Except as expressly provided elsewhere in these Bylaws, a simple majority of the directors present at any meeting duly held at which a quorum is present shall prevail on all questions.

5.11. Election of Officers. All officers shall be chosen by vote of the Board, except such officers as may be appointed in accordance with Sections 6.03 and 6.04.

5.12. Executive Sessions. Upon the vote of a majority of a quorum of the Board, it may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and business of similar nature, provided that the nature of such business to be discussed in executive session is first announced in open session.

5.13. Action Without a Meeting. The Board may take actions without a meeting if all directors consent in writing to the action to be taken. An explanation of any such action to be taken by unanimous written consent shall be given by the Board to the members of the Association in the manner provided in Section 5.06 hereof for the giving of notice of regular meetings of the Board within three (3) days after all written consents have been obtained.

ARTICLE VI

Officers

6.01. Officers. The officers of the Association shall be President, Vice-President, Secretary and Treasurer.

6.02. Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Sections 6.03 and 6.04, shall be chosen annually by the Board, and each shall hold his/her office until he/she shall resign or shall be removed or otherwise disqualified to serve, or until the election and qualification of his/her successor.

6.03. Subordinate Officers, etc. The Board may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board may determine from time to time.

6.04. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board, or, except in the case of an officer chosen by the Board, by any officer upon such power of removal as may be conferred by the Board. Any officer may resign at any time by giving written notice to the Board or the President or the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.05. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for the regular appointments of such office.

6.06. President. Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, if there be such an officer, the President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He/she shall preside at all meetings of the members in the absence of the Chairman of the Board, or, if there be none, at all meetings of the Board. He/she shall be ex-officio a member of all the standing committees including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of an association, and shall have such other powers and duties as may be prescribed by the Board or by the Bylaws.

6.07. Vice-President. In the absence or disability of the President, the Vice-Presidents in order of their rank as fixed by the Board or, if not ranked, the Vice-President designated by the Board, shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board or by the Bylaws.

6.08. Secretary. The Secretary shall keep, or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, and the names of those present or represented. The Secretary shall keep, or cause to be kept, at the principal office or at the office of the Association's transfer agent, a membership register, or a duplicate membership register showing the names of the members and their addresses, and the property to which each membership relates, the number of memberships, the number and date of certificates issued for the same and the number and date of cancellation of every certificate surrendered for cancellation. The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board required by the Bylaws or by law to be given, and he shall keep the seal of the Association in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

6.09. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He/she shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all his/her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

ARTICLE VII .

Miscellaneous

7.01. Inspection of Corporate Records. The membership register or duplicate membership register, the books of account and minutes of proceedings of the members, directors and committees shall be open to inspection upon the written demand of any member, at any reasonable time, for a purpose reasonably related to his interests as a member. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts. Demands of inspection other than at a members' meeting shall be made in writing upon the President or Secretary. Every such demand, unless granted, shall be referred by such officer to the Board. The Board shall adopt reasonable and uniform rules respecting (1) the notice to be

given to the custodian of the particular records to be inspected by a member; (2) the hours and days of the week when such inspection may be made; and (3) payment of the cost of reproducing copies of documents requested by a member. Each director shall have the right at any reasonable time to inspect all books, records and documents of the Association and physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

7.02. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board.

7.03. Contract, etc., How Executed. The Board, except as otherwise provided in the Bylaws, may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

7.04. Balance Sheets, Operating Statements and Budgets. The following financial information shall be regularly prepared and distributed by the Association to all members:

(a) A budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days and not more than sixty (60) days prior to the beginning of the fiscal year:

[i] Estimated revenue and expenses on an accrual basis.

[ii] The amount of the total cash reserves of the Association currently available for replacement, or major repair of common facilities, and for contingencies.

[iii] An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement, or additions to major components of the Common Areas and facilities for which the Association is responsible.

[iv] A general statement setting forth the procedures used by the Association in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Areas and facilities for which the Association is responsible.

(b) A balance sheet, as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a residence, and an operating statement for the period

from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the residence lot and the name of the entity assessed.

(c) A report consisting of the following shall be distributed within ninety (90) days after the close of the fiscal year.

[i] A balance sheet as of the end of the fiscal year.

[ii] An operating (income) statement for the fiscal year.

[iii] A statement of changes in financial position for the fiscal year.

[iv] Any information required to be reported under Section 8322 of the Corporations Code

The report required under this section shall be prepared by an independent accountant; and from an audit of the books and records of the Association, if so requested under Article XVIII, Section 10 of the Declaration.

In addition to financial statements, the Association shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' condominiums.

ARTICLE VIII

Amendments

Subject to the provisions of Article XVIII, Section 3 of the Declaration, the Bylaws may be amended or repealed by the vote at a duly called meeting or by written consent of not less than a fifty-one percent (51%) vote of the voting power of the Association. Notwithstanding the above, the percentage of a quorum or of the voting power of the Association or of members other than a subdivider necessary to amend a specific clause or provision in the Articles or Bylaws shall not be less than a prescribed percentage of affirmative votes required for action to be taken under that clause.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day
of _____.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify: that I am the duly elected and acting Secretary of the West Campus Point Homeowners' Association, a California corporation; and that the foregoing Bylaws consisting the eight (8) Articles and fourteen (14) pages, constitute the Bylaws of said corporation as duly adopted by the incorporators of said corporation, on _____, at Santa Barbara, California.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____.

mcs/WCMPSBYL
09.25.86

WEST CAMPUS POINT HOA
OPERATIONS BUDGET 1995

	ANNUAL	ACTUAL TO	PROJECTED	ANNUAL	MONTHLY BUDGET,
REVENUES	BUDGET 1995	DATE 10/10/94	ACTUAL 1994	BUDGET 1995	DUES @195/OWNER
Assessments	152100	126750	152100	152100	12675
Late fees	204	471	500	504	42
Sale of Water	27000	23679	26300	26352	2196
Meter Reading	1068	890	1068	1068	89
Sewer Assessment	4008	4817	5100	6000	500
Other Income	120	444	664	600	50
Recycling	2340	2131	2340	2340	195
Interest Income	10008	4771	7000	7008	584
TOTAL REVENUES	196848	163953	195072	195972	16331
EXPENDITURES					
Gas	3204	2386	3280	3204	267
Electricity	6504	5410	6500	6480	540
Domestic Water	12000	11224	13350	13176	1098
Common Water	15000	13125	12950	13176	1098
Domestic Sewer	4008	4366	6030		
Meter Reading	1068	880	1082	1068	89
Insurance	18000	14941	17868	18420	1535
R&M Landscape	41520	34600	41520	41520	3460
R&M Landscape Extra Plants	2400	3055	3700	2400	200
R&M Pool	4500	2810	3300	3300	275
R&M Common Prop.	6000	7524	8700	7500	625
R&M Units	10000	6210	6800	7500	625
R&M Solar	5508	693	5800	5820	485
R&M Termite Control				960	80
R&M Playground	3000	728	1000	2100	175
Management & Tax Return Prep	7800	6500	7800	8208	684
Office Supplies & Clearview	204	950	1254	96	8
Postage	408	320	400	408	34
Accounting & Legal	2004	1559	1600	1920	160
Taxes & Licenses	3500	2395	3100	3000	250
UCSB Prop. Rent	65	65	65	72	6
Recycling	2340	1950	2340	2340	195
Misc, Soc, Mtngs, Clearview	300	194	294	1308	109
Interest Expense		495			
TOTAL OP. EXPENDITURES	149333	122380	148733	143976	11998
NET FOR RESERVES	47515	37800	50400	51996	4333
TOTAL EXPENDITURES	196848	160180	199133	195972	16331
NET INCOME/LOSS	0	3773	-4061	0	0

EXPENDITURES FROM RESERVES 1995

Replace 10 gates	4400	5635	5635	4554	
Light fixtures	7500	1402	1402		
Resurface spa	2150			3000	
Tree Maint & Trim	6000	5400	5400	5000	
Irrigation Repair				2400	
TOTAL RESERVES EXPEND	20050	12437	12437	14954	

RECORDING REQUESTED BY:

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

WHEN RECORDED, MAIL TO:

ASSOCIATE VICE CHANCELLOR
EVERETT R. KIRKELIE
4125 Cheadle Hall
University of California
Santa Barbara, CA 93106

91-065836

Recorded
Official Records
County of
Santa Barbara
Kenneth A Pettit
Recorder
4:04pm 1-Oct-91

Rec Fee 9.00
FTA 2.00
COP 2.00
CER 1.00
Cash 14.00

CB 3

FIRST AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR WEST CAMPUS POINT PLANNED UNIT DEVELOPMENT

COUNTY OF SANTA BARBARA,
STATE OF CALIFORNIA

THIS FIRST AMENDMENT to a Declaration of Covenants,
Conditions and Restrictions is made this 27th day of
August, 1991, by the WEST CAMPUS POINT HOMEOWNERS
ASSOCIATION, a California mutual benefit corporation
("Association").

R E C I T A L S

WHEREAS, on December 11, 1986, a Declaration of
Covenants, Conditions and Restrictions of West Campus Point
Planned Unit Development, dated December 8, 1986, was
recorded by the Regents of the University of California,
declarant therein, under Serial No. 1986-081389 in the
Office of the County Recorder of Santa Barbara County,
California;

WHEREAS, by this document, the Association intends to
amend said Declaration; and

WHEREAS, all actions and consents required to be taken
pursuant to Article XVII of the Declaration have been duly
taken or obtained.

NOW, THEREFORE, said Declaration is amended as follows:

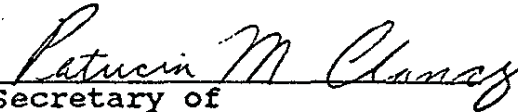
A. Article XI, section 3 (b) is hereby amended to read as follows:

"A Qualified Person/Owner's spouse or dependent child who shall possess, occupy and use a Residence as of the date of death of such Qualified Person/Owner shall continue to be a Qualified Person, until, in the case of a spouse he or she sells or disposes of the Residence, or, in the case of a dependent child, such child attains the age of 21 years."

B. Article I, section 15 shall be amended to read as follows:

"Owner means the lessee, whether one or more persons or entities, of a Residential Lot pursuant to a Residential Lot Lease who owns the Residence, if any, erected on such Residential Lot, but excluding (i) those having such interests merely as security for the performance of an obligation and (ii) for purposes only of Articles XI and XII hereof, the Declarant. Owner shall also include a contract vendee under a real property sales contract, provided that such contract complies with the provisions of sections 2985-2985.6 of the California Civil Code."

IN WITNESS WHEREOF, the undersigned, the duly elected and serving secretary of The West Campus Point Homeowners Association, certifies that each action or consent required pursuant to Article XVII, section 2 of the Declaration dated December 8, 1986, has been either taken or obtained, and the undersigned has executed this first amendment as of the 27th day of August, 1991, on behalf of the West Campus Point Homeowners Association.


Secretary of
THE WEST CAMPUS POINT
HOMEOWNERS ASSOCIATION

ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF Santa Barbara)
ss.

On August 27, 1991, before me, Constance W. Burns, a Notary Public in and for said State, personally appeared Patricia M. Clancy, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person that executed this instrument as Secretary on behalf 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.

WITNESS my hand and official seal.



Constance W. Burns
NOTARY PUBLIC

Consented to pursuant to Article XVII, section 2 (b).

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By Robert J. Kling
Dated: 9/26, 1991

ARCO TITLE INSURANCE CO. MENZEL CLERK RECORDER

SANTA BARBARA CO. CLERK
1986 DEC 11 AM 9:00

Recording Requested By:

1986-081389

The Regents of the University of California

When Recorded, Mail To:

Allen & Kimbell
317 East Carrillo Street, Suite 100
Santa Barbara, Ca. 93101

Attn: Steve McGuire

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF WEST CAMPUS POINT PLANNED UNIT DEVELOPMENT

COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

December 8, 1986

RECORDED
INDEXED
SERIALIZED
FILED
DEC 11 1986
SANTA BARBARA CO. CLERK

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EXHIBIT A: Descriptions and/or Record of Survey of Project

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS OF WEST CAMPUS POINT PLANNED UNIT DEVELOPMENT

THIS DECLARATION is made on December 8, 1986, by
The Regents of the University of California, a California public
corporation ("Declarant").

RECITALS

A. Declarant is the Owner of real property located at
West Campus Point, ^{an area} unincorporated, Santa Barbara County, State of
California, described in Exhibit A (the "Property").

B. Declarant intends to improve the Property for
residential purposes and hereby establishes a general plan, set
forth in this Declaration, for the subdivision, improvement and
long-term leasing of certain lots and the collective use of the
remainder of the Property in common, which together shall
constitute the "Project." Declarant seeks to secure the
harmonious and uniform development of the Property and the
Project in accordance with the plan.

NOW, THEREFORE, Declarant hereby declares that the
Project shall be held, sold and conveyed subject to the following
declaration as to division, leasehold interests, easements,
rights, liens, covenants, servitudes, restrictions, limitations,
conditions and uses to which the Project may be put, hereby
specifying that such Declaration shall operate for the mutual
benefit of all Owners of the Project and shall constitute
covenants to run with the land, as well as equitable servitudes,
and shall be binding on and for the benefit of the Project and
each lot and area thereof, Declarant, its successors and assigns,
the Association (as hereinafter defined), its successors and
assigns, and all subsequent Owners of all or any part of the
Project, together with their grantees, successors, heirs,
executors, administrators, devisees and assigns, for the benefit
of the Project, and shall, further, be imposed upon all the
Project as equitable servitudes in favor of each and every lot
and the Owner thereof as the dominant tenement.

ARTICLE I - DEFINITIONS

The following definitions apply in construing the
provisions of this Declaration:

1. Architectural Review Board or ARB means the
Architectural Review Committee established pursuant to
Article IX, Section 2 of these Covenants, Conditions and
Restrictions.

2. Articles means the Articles of Incorporation of the Association as the same may be duly amended from time to time.

3. Association means West Campus Point Homeowners Association, a California mutual benefit corporation, its successors and assigns.

4. Board or Board of Directors may be used interchangeably herein and shall mean the Board of Directors of the Association as the same may, from time to time, be constituted.

5. Bylaws means the Association's Bylaws and any amendments thereto.

6. Common Area means the real property within the Project leased pursuant to the Common Area Lease by the Declarant to the Association for the common use and enjoyment of the Owners. The Common Area (as of the date of lease of the first Residential Lot) consists of those areas described as lot 66, on the description attached as Exhibit A, which is incorporated herein by reference.

7. Common Area Lease means the ground lease (or any amendment thereof, or addition or successor thereto) between Declarant as lessor and the Association as lessee for all land within the Property other than that conveyed or to be conveyed pursuant to Residential Lot Lease.

8. The County means the County of Santa Barbara, State of California.

9. Declarant means The Regents of the University of California, its successors and assigns.

10. Declaration means this Declaration of Covenants, Conditions and Restrictions, together with any amendments, supplements or modifications hereto.

11. Deed of Trust shall mean and be synonymous with the word Mortgage and the same may be used interchangeably with the same meaning; likewise, the word Trustor shall be synonymous with the word Mortgagor, and the word Beneficiary shall be synonymous with the word Mortgagee.

12. Member means every person or entity who holds a membership in the Association.

13. Mortgage shall mean any security device encumbering all or a portion of the Project or any Residential Lot Lease, and the term Mortgage shall include Deed of Trust.

14. Mortgagee means a person or entity to whom a Mortgage is made or who otherwise is a holder of a mortgage;

Mortgagor means a person or entity who mortgages his or its property to another, i.e., the maker of a Mortgage.

15. Owner means the lessee, whether one or more persons or entities, of a Residential Lot pursuant to a Residential Lot Lease who owns the Residence, if any, erected on such Residential Lot, but excluding those having such interests merely as security for the performance of an obligation. Owner shall also include the Declarant if Declarant owns a Residence and a contract vendee under a real property sales contract, provided that such contract complies with the provisions of Sections 2985-2985.6 of the California Civil Code.

16. Person means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency or other legal or commercial entity as the context may require.

17. Property means the parcel of land, including all Residential Lots, described in the Recitals.

18. Residence means a residential structure or structures, including patio areas, enclosed yards, and garages located on a Residential Lot.

19. Residential Lot or Residential Lots means any of lots 1 through 65 within the Project as indicated on Exhibit A attached hereto, which are or will be improved with an attached or detached single family dwelling, none of which is a part of the Common Area.

20. Residential Lot Lease means any lease between Declarant as lessor and an Owner or Owners for a Residential Lot.

21. Rules and Regulations means (i) those rules and regulations adopted by the Association or its Board, including any amendments or additions thereto, and (ii) the Property Use and Maintenance Regulations promulgated by the Declarant pursuant to the Residential Lot Leases.

22. Single Family means one or more persons, each related to the other by blood, marriage or legal adoption, or a group of not more than four (4) persons not so related, together with his, her or their domestic servants, maintaining a common household.

ARTICLE II - COMMON AREA

The Association shall, prior to Declarant's transfer of a leasehold interest in the first Residential Lot, become the lessee of the Common Area pursuant to the Common Area Lease. The Owner of each Residence shall have a right and easement of

enjoyment in and to the Common Area which will be appurtenant to and pass with each transfer, whether voluntary or involuntary of title to the Residence and of the lessee's interest in the Residential Lot. However, such right and easement of enjoyment shall be subject to the provisions of this Declaration, including the rights of the Association and Declarant to exercise all powers and perform all duties set forth in this Declaration, the Articles, the Bylaws, the Common Area Lease and the Residential Lot Leases. No Owner may separate such right and easement of enjoyment from the leasehold interest to his or her Residential Lot, although an Owner may delegate his or her right of enjoyment of the Common Area to the members of Owner's family and to such tenants as are authorized in this Declaration.

ARTICLE III - ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

1. Membership. An Owner shall automatically, upon becoming the record Owner of a Residence, be a Member of the Association and shall remain a Member until his or her ownership ceases for any reason, at which time his or her Membership shall automatically cease. Such Membership shall be appurtenant to and pass with the ownership of such Residence. The Membership shall not be transferred, pledged or alienated in any way, except upon and with the transfer of such Residence. Any transfer of a Membership prohibited by this section shall be void and shall not be reflected upon the Association's books and records. If the Owner of any Residence fails to transfer such Membership appurtenant thereto upon any transfer, whether voluntary or involuntary, of the Residence, the Association shall have the right to record the transfer upon its books, and thereupon the Membership outstanding in the name of the prior Owner shall be null and void.

2. Voting Power of Association. The Association shall have a single class of voting membership. Members shall be all Owners and shall be entitled to one vote for each Residence owned. If more than one person holds an interest in any Residence, all such persons shall be Members. The vote for such Residence shall be exercised as the Members among themselves determine, but in no event shall more than one vote be cast with respect to any Residence.

3. Joint Owner Disputes. The vote attributable to each Residence may not be cast on a fractional basis. If a Residence has more than one Owner and the Owners are unable to agree as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote attributable to a Residence, it will thereafter be conclusively presumed that the vote was cast with the authority and consent of all other Owners of the same Residence. If more than one vote attributable to a Residence is cast, none of such votes shall be counted, and all of such votes shall be deemed void.

4. Cumulative Voting. The election of directors to the Board shall be by cumulative voting as described herein, provided any one Owner has placed a candidate's name in nomination prior to the voting and given notice at the meeting prior to the voting of the Owners' intention to cumulate votes. If the required number of Owners have given such notice, then all Owners have the right to cumulate their votes for candidates in nomination. Under cumulative voting, each Owner, either in person or by proxy, may give a single candidate the number of votes equal to the number of Directors to be elected multiplied by the number of votes the Owner is entitled to exercise under this Declaration, or the Owner may distribute such cumulated votes among any two or more candidates as the Owner desires. The candidates receiving the highest number of votes up to the number of Board members to be elected shall be elected; provided, however, that one member of the Board shall be elected solely by the vote of the Owners other than the Declarant.

5. Removal of Directors. The entire Board or any individual Director may be removed from office in the manner provided in the Bylaws; provided, however, that unless the entire Board is removed, an individual Director shall not be removed prior to expiration of his or her term if the votes against his or her removal would have been sufficient to elect that Director if cast cumulatively at an election at which the same total number of votes were cast and all Directors authorized at the time of the most recent election of that Director were being elected.

ARTICLE IV - POWERS, RIGHTS AND DUTIES OF THE ASSOCIATION AND MEMBERS

1. Association Powers. The Association shall have the power, right and duty, in addition to those provided elsewhere in this Declaration, the Articles of Incorporation and the Bylaws to:

(a) Enforce, by any proceeding at law or in equity, and comply with the provisions of this Declaration;

(b) Pay taxes, special assessments and other liabilities which are or would become a lien on the Common Area, or any portion thereof;

(c) Levy assessments and perfect and enforce liens as hereinafter provided;

(d) Borrow funds to pay the costs of operation, secured by assignment or pledge of rights against delinquent Owners; provided, however, that the vote of the majority of the Members and the consent of the Declarant shall be required to

borrow in excess of \$100 times the number of Residences in the Project; and

(e) Make reasonable Rules and Regulations for the operation and use of the Project and to amend them from time to time.

Whenever this Declaration or the Bylaws require the approval, consent or action of the Association, said approval, consent or action shall be that of the Board unless otherwise provided by this Declaration or the Bylaws. The prevailing party in any legal action brought by the Association shall be entitled to recover costs and reasonable attorneys' fees. Failure by the Association to enforce any covenant or restriction herein shall not be deemed a waiver of the right to do so thereafter.

2. Members' Powers. Any aggrieved Owner may enforce, by any proceeding at law or in equity against any other Owner or Owners or the Association, compliance with this Declaration.

ARTICLE V - ASSESSMENTS AND LIENS

1. Creation of Obligation and Lien. Except as otherwise provided in Article V, Section 4, Declarant, for each Residential Lot owned by it, and each other Owner by acceptance of a Residential Lot Lease, shall covenant and shall have the personal obligation to pay all assessments, charges and all monetary sums which are duly levied against his, her or its Residence by the Association and become due while he, she or it is the Owner of such Residence. Such assessments, charges and other sums are also hereby established as charges upon the Residence to which they relate and shall be a lien thereon which may be enforced by non-judicial proceedings under a power of sale or by any other means authorized by law.

2. Proportionate Share. Each Owner's Proportionate Share ("Proportionate Share") in the receipts and common expenses of the Association shall be a pro rata share equal to the number of Residences owned by such Owner divided by the total number of Residences within the Project. The Proportionate Share attributable to each Residence shall not be changed without prior written approval of seventy-five (75) percent of the first Mortgagees of Residences.

3. Assessments. Except as otherwise provided in Article V, Section 4, each Owner, including Declarant, shall be subject to the following assessments in amounts to be determined by the Board.

(a) Regular monthly assessments equal to the Owners Proportionate Share of the actual or estimated costs of all maintenance, repairs, taxes, ground rent, insurance, and

utilities, and other common expenses for which the Association is responsible. Such assessments shall be amortized and collected on a monthly basis and shall commence as to all Residences, including Declarant's unsold Residences, as of the first of the month following the close of escrow for the sale of the first Residence in the Project;

(b) Adequate reserves for replacement, whether by capital contribution or otherwise, which reserves shall be amortized and collected monthly on the same basis as for regular assessments;

(c) Special assessments for capital expenditures or other purposes, all on the same basis as for regular assessments, provided that any fiscal year, the Board may not, without the vote or written consent of majority of Owners other than Declarant, levy special assessments to defray the cost of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(d) Charges, payments, fines, penalties and such other sums as may or shall become payable under this Declaration or the Bylaws.

The Association shall not, however, impose any assessment, charge or interest in indebtedness in excess of that permitted by California Civil Code section 1366, or any successor thereto. The provisions of this Article V shall not limit the right of the Board to levy and collect the sums specified herein as special assessments against an Owner as a remedy to reimburse the Association for (i) unpaid utility charges payable by an Owner to the Association or (ii) the costs incurred in bringing the Owner in compliance with this Declaration or the Bylaws; provided, however, that any fines or penalties imposed as a disciplinary measure may not be enforced by exercising lien rights in accordance with Article V, Sections 6 and 7 hereof.

The Board may not, (i) without the vote or written consent of a majority of Members, other than the Declarant, impose a regular annual assessment per Residence which is more than 10 percent greater than the regular annual assessment for the immediately preceding year, or (ii) without the written consent of Declarant decrease the amount originally allocated in the budget prepared by Declarant in connection with the initial sales of Residences for contribution by the Association to reserves for replacement.

4. Declarant's Assessment. Notwithstanding any other provision of this Declaration or the Bylaws which may be or appear to be contrary, Declarant shall be temporarily exempted, with respect to Residential Lots which do not include structural improvement for human occupancy until a notice of

completion for such an improvement shall have been recorded in the office of the County Recorder, from the payment of that portion of regular and special assessments assessed against Residences which is for the purpose of defraying expense attributable to the existence and the use of structural improvements including, without limitation, expenses attributable to roof replacement, landscape and exterior maintenance, walkway and exterior lighting, refuse disposal, insurance, cable television, irrigation and domestic water.

5. Payment. Unless the Board shall otherwise determine, the Association's fiscal year shall be the calendar year, and the regular assessment period shall be for the twelve (12) months of each fiscal year beginning January 1 and ending on December 31 of the same year, provided that, if the month of the commencement of the initial assessment shall be a month other than January, the assessment period for the first fractional year shall be deemed to end on December 31. The payment shall be due in advance on the first day of each succeeding month. Each Owner shall pay all assessments levied on his or her Residence to the Association on or before the due date. If an assessment is not paid when due, the Association may assess the Owner for late charges, interest and collection and lien enforcement costs (including reasonable attorneys' fees). If an assessment is not paid within 30 days after the delinquency date, the assessment shall bear interest from the date of delinquency at a rate not to exceed 12% per annum. No Owner may exempt himself or herself from liability for his or her share of assessment by waiving the use or enjoyment of the Common Area or by abandoning his or her Residence.

6. Lien. Each assessment (including late charges, interest, collection, attorneys' fees and other costs) shall, if not paid within 30 days of the due date, become a lien upon the Residence and shall continue to be such a lien until fully paid, subject to the following conditions:

(a) Such lien shall become effective against a Residence only upon the recordation by the Association of a Notice of Delinquent Assessment in the office of the County Recorder of Santa Barbara County, California pursuant to California Civil Code section 1367, or any successor thereto. The Notice of Delinquent Assessment shall state the amount of delinquent assessments and other charges, a description of the Residence and common interest against which the same has been assessed, the name of the Owner of such Residence, and the name and address of the trustee authorized by the Association to enforce the lien by sale. Such Notice of Delinquent Assessment shall be executed by an authorized representative of the Association. Upon payment of all delinquent assessments and charges, or upon other satisfaction thereof, the Association shall cause to be recorded a Release of Lien, provided that the

Association is reimbursed for the cost of preparing and recording the release (including reasonable attorneys' fees);

(b) Any such lien shall not defeat nor render invalid the lien of any first Mortgage or first Deed of Trust affecting any Residence made in good faith and for value and recorded in the office of said County Recorder prior to the recordation of any such lien, and any such lien shall be subordinate and subject to the lien of any such prior recorded first Mortgage or first Deed of Trust. Any person who acquires title to a Residence by or through a trustee sale or foreclosure of a first Mortgage or a first Deed of Trust shall take such title free of the lien hereof for all assessments which accrued up to the time of such Trustee's sale or foreclosure, but subject to the lien hereof for all assessments and charges subsequently accruing.

7. Foreclosure. The Association is hereby vested with the right and power to bring, at its option, any and all actions against an Owner for the collection of assessments which are not paid when due, and to enforce the aforesaid lien by any and all methods available for the enforcement of contractual obligations or liens, including, without limitation, the right to bring a personal action against the Owner on such debt, the right to foreclose such lien in any manner provided by law for foreclosure for a Mortgage, and the right to sell the Owner's interest by power of sale, which may be enforced by the Association, its attorney or other person authorized to bring such action or make such sale. A sale of an Owner's interest by power of sale shall be conducted in the same manner as is provided in California Civil Code Sections 2924, 2924(a), 2924(b) and 2924(c) (or any similar statutory provisions that may hereafter exist). Such provisions shall be applied and adapted to the foreclosure of the lien by power of sale to the fullest extent reasonably possible and consistent, in view of the differences between the lien and mortgages generally. The Association shall have the power to bid in its own name on the property sold and to hold, lease, mortgage and convey the same for the benefit of all the Owners, subject to the limitations on transfer found herein in Article XII. All rights and remedies granted to the Association hereunder shall be cumulative, and the exercise of one or more right or remedy shall not constitute a waiver or election preventing the use of other rights or remedies. The Association shall be entitled to collect from a defaulting Owner all costs and attorneys' fees incurred in connection with pursuing the collection of said assessments and/or the enforcement of said lien.

8. Waiver of Homestead Declaration. Notwithstanding the recordation by an Owner at any time of a declaration of homestead under the laws of California, such declaration shall not operate to defeat or impair any assessment or bona fide lien created under this Article.

9. Suspension. During any period in which an Owner shall be in default in the payment of any assessment levied by the Association, the voting rights and right to use the recreational facilities, if any, of such Owner may be suspended by the Board until such assessment has been paid in the manner provided in the Bylaws. Such rights of an Owner may also be suspended for a period not to exceed 30 days for a single infraction of any Rule or Regulation. Such suspension shall not take effect unless the Owner is notified in writing of the suspension and the reasons therefore, at least 15 days prior to the effective date of the suspension, and the Owner shall be given the opportunity to submit to the Board his or her oral or written response to the voting not less than five (5) days prior to the effective date of the proposed suspension, and at such hearing, the Owner may appear and contest the matters resulting in the notice of suspension. Notice shall be given as provided in the Bylaws.

10. Excess Assessments. The Association shall be organized and operated in a manner consistent with minimization of federal and state income taxation and, to that end, may:

(a) Elect to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code, Sections 23701 and 23701t of the California Revenue and Taxation Code, and the regulations promulgated thereunder;

(b) In any year in which there is an excess of regular or special assessments, including assessment to fund capital reserves, received over amounts actually used or expended for the Association's purposes, the Association may, with the approval or written consent of the majority of the Owners:

(i) treat such excess as a contribution to the capital of the Association in accordance with Section 118 of the Internal Revenue Code; or

(ii) apply such excess against the subsequent year's assessment; or

(iii) return such excess to the members pro rata in accordance with their respective assessments; or

(iv) transfer to and hold in trust such excess to provide for the management, maintenance, and care of Association property.

ARTICLE VI - INSURANCE

The Association, for the benefit of the Residential Lots, the Common Area and the Owners shall acquire the following

insurance policies from reputable insurance companies authorized to do business in California:

1. Public Liability. A policy insuring the Association and its officers, the Board and the Owners, against any liability to the public or to the Owners, their guests, invitees, or tenants, incident to the ownership or use of the Project. The limits of such insurance shall be not less than \$2 Million (which amount shall be adjusted not less frequently than every third year after the date hereof, to reflect such adjustments as shall be necessary and appropriate, including reference to the percentage increase in the National Consumer Price Index (all items) for all urban consumers as published by the United States Department of Labor, Bureau of Labor Statistics) per person for personal or bodily injury, death or property damage and \$2 Million (subject to adjustment as aforesaid) for any one accident or occurrence; and with limits of not less than \$1 Million, as adjusted, per occurrence with respect to property damage. Such insurance shall also include coverage against water damage liability, liability for nonowned and hired automobiles, liability for the property of others and against other liability or risk customarily covered with respect to projects similar in construction, location and use. Such insurance shall contain a severability of interest endorsement which shall preclude the insurer from denying the claim of named insureds because of any neglect or other act or omission of another named insured. The Declarant shall be named as an additional insured with respect to any such insurance.

2. Property Damage. A master or blanket policy or policies of insurance for the full, insurable, replacement value of all of the structures in the Project and all improvements located on the Common Area, such insurance to name as an insured the Association, the Owners, Declarant (so long as Declarant is an Owner) and all Mortgagees as their interests may appear. Such policy or policies shall:

(a) Provide coverage against the perils of fire, extended coverage, vandalism and malicious mischief, as minimum requirements; and (i) if any portion of the Project is located within an area for which flood insurance is available under the National Flood Insurance Act of 1968 (or any successor legislation), and (ii) if required by the Secretary of Housing and Urban Development, flood insurance available under such Act for the amount of either the maximum limit available under such Act for all buildings and other insurable property located within a designated flood hazard area, or one hundred percent (100%) of current replacement cost of all such insurable property, whichever is less;

(b) Provide for a separate loss payable endorsement in favor of each Mortgagee of each Residence as its interest may appear;

(c) Provide for 30 days prior written notice to each such Mortgagee of cancellation or reduction in type or amount of coverage.

(d) To the extent available and economically feasible, contain an agreed amount endorsement or its equivalent, an increased cost of construction endorsement or contingent liability from operation of building loss endorsement or their equivalent, and a determinable cash adjustment clause or similar clause to permit cash settlement covering full value of the improvements in case of partial destruction and a decision not to rebuild; and

(e) Be primary to and not affected by any right of setoff, proration or contribution by reason of any insurance held by an Owner.

3. Owner's Insurance. Except as provided in this Article VI, Section 3 and Article VI, Section 10, no Owner shall separately insure his or her Residential Lot against loss by fire or other casualty covered by any insurance carried under Article VI, Section 2 of this Declaration. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable under policies described in Article VI, Section 2 of this Declaration that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance, and such Owner will be liable to the Association to the extent of any such diminution. An Owner may insure his or her personal property against loss. In addition, any improvements made by an Owner within his or her Residence may be separately insured by the Owner, provided that the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements," and further provided that any improvements constructed with funds derived from a Mortgage on the Owner's Residence are to be covered by the insurance carried under Article VI, Section 2 of this Declaration so long as such insurance is obtained. All such insurance that is individually carried must contain a waiver of subrogation rights by the insurer as to other Owners, the Association, Declarant, The Regents and other first Mortgagees of such Residence if such a waiver is customarily obtainable.

4. Fidelity. A fidelity bond for directors, officers, trustees, and employees responsible for handling funds collected and held for the Association or for the Owners, naming as insured the Association for an amount sufficient to cover at least three (3) months' assessment on all Residences plus the Association's reserve funds.

5. Worker's Compensation. Worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Association.

6. Directors and Officers. To the extent that insurance is available, insurance on behalf of any director, officer or agent of the Association (collectively "the agents") against any liability asserted against or incurred by an agent in such capacity or arising out of the agent's status as such regardless of whether the Association would have the power to indemnify the agent against liability under applicable law.

7. Use of Proceeds. All insured's proceeds available under Section 2 and Section 10 of this Article may be paid either (a) to the Board or (b) to a bank or other financial institution with trust powers in Santa Barbara County to be held for the benefit of the Owners, Mortgagees or other persons as their respective interests shall appear, to be paid out in accordance with Article XIII of this Declaration.

8. Authority of the Board. Each Owner, and each other person named or covered as an insured in connection with any of the policies purchased by the Board hereby irrevocably appoints the Board as his or her attorney-in-fact and delegates to the Board sole and exclusive authority to negotiate and agree on the extent and value of any loss with the appropriate insurance carriers. Any execution of a loss claim form and release form in connection with the settlement of a claim shall be binding on all of the Owners, and upon any other person named as an insured or any such policy or policies only upon the execution thereof by a majority of the members of the Board.

9. Review of Coverage. The Board shall review insurance coverage for the Association not less frequently than every three (3) years.

10. Alternate Property Insurance. If, in the opinion of the Board, the property damage insurance to be acquired by the Association pursuant to Section 2, above, is either unavailable, or available only at a prohibitive cost, then the Board, in its discretion, may elect to obtain such insurance as follows:

(a) It may require each Owner to purchase a policy or policies of insurance for the full, insurable replacement value of all improvements located on his or her Residential Lot, such insurance to name as an additional insured the Association and Owner's Mortgagees. Such policy or policies shall conform to the requirements of sub-sections (a) and (d) of said Section 2, above, and shall be primary to and not affected by any right of setoff, proration or contribution by reason of any insurance held by the Association or other Owners. The

inconsistent provisions of Section 3, above, shall be deemed inapplicable upon the Board's election to proceed hereunder. Each Owner shall provide the Association with a copy of a Certificate of Insurance satisfying the provisions of this paragraph upon the last to occur of (1) close of escrow of the lease of his Residential Lot and purchase of his Residence or (2) fifteen (15) days after the Board has notified the Owner of its election as set forth above. In the event an Owner fails to obtain the insurance required by this paragraph, the Board may purchase such coverage and assess the cost of same against such Owner's Residential Lot pursuant to Article V, Section 3(d).

(b) The Association shall purchase a policy or policies of insurance for the full, insurable replacement value of all improvements located in the Common Area, such insurance to name as an additional insured the Declarant. Such policy or policies likewise shall conform to the requirements of sub-sections (a) and (d) of said Section 2, above, and shall be primary to and not affected by any right of setoff, proration or contribution by reason of any insurance held by the Owners.

(c) The provisions of Sections 7 and 8 shall apply to the collection, use and application of any proceeds paid under any policy secured under this Section 10, it being the intention of this section to provide an alternate means of obtaining insurance coverage for all Residences while retaining the ability to utilize the proceeds in the same manner as would occur if the coverage were obtained under Section 2.

ARTICLE VII - MAINTENANCE AND REPAIRS

1. General. Notwithstanding the existence of any insurance covering an Owner, the Association or both, against loss, damage and destruction, the Association and each Owner shall have the affirmative obligation for maintenance, repair and restoration as set forth in this Article.

2. Maintenance of Common Area. The Association shall maintain the Common Area, including all improvements, roads, pathways, facilities, landscaping and planting thereon in good condition and repair.

3. Maintenance of Residential Lots and Exteriors of Residences. The Association shall maintain the Residential Lots and the exteriors of all Residences (excluding Residence's doors and windows and frames thereof) in good condition and repair, including roofs, solar collectors, solar system plumbing, gutters, downspouts, exterior building surfaces, fences and gates, sidewalks, paving, trees, landscaping, planting and all

other exterior improvements. The standards of landscaping and exterior structural maintenance shall be determined by the ARB.

4. Owner Maintenance. Except as provided in Article VII, Section 3 with respect to Association maintenance, each Owner shall maintain in good, workable, attractive condition and repair, at Owner's cost and expense, the structures comprising his or her Residence, including the equipment and fixtures in the Residence, its walls, attics, crawl spaces, ceilings, interior, windows and doors of his or her Residence (including, without limitation, heating equipment, air conditioning equipment, water heaters, utility outlets and garage) and any patios or yards on his or her Residential Lot which are enclosed by a fence or wall and sold as part of the Residence at the time of the first sale of a Residence by Declarant (including all landscaping and planting, if any within such patios or yards). However, each Owner has complete discretion as to the choice of furniture, furnishings and interior decorating, except that windows can be covered only by drapes, shutters, shades or blinds and cannot be painted or covered by foil, cardboard or similar materials. Each Owner shall also maintain, repair, and replace as needed all plumbing, electrical, heating, air conditioning and gas lines, conduits, apparatus and equipment within his or her Residence other than solar system plumbing outside of the hot water heater and repair, replace and clean the windows and glass of his or her Residence. If an Owner is required to make any repair or if the Owner desires to construct any improvement or install any fixture or equipment that will significantly alter or affect any bearing wall or structural member of a Residence, the prior written consent of the ARB must be first obtained.

5. Cost of Maintenance. The cost of the exterior maintenance for which the Association is responsible under this Article shall be assessed uniformly in accordance with Article V, provided, however, that the cost of any maintenance, repair or replacement of the Common Area, Residences or Residential Lots which is not covered by insurance and which results from the negligence or willful act of an Owner, an Owner's family or guest or the occupant of an Owner's Residence shall be an assessment, lien and obligation of such Owner and shall be due and payable in all respects as provided in Article V.

ARTICLE VIII - PARTY WALLS

The rights and duties of the Owners with respect to party walls shall be as follows:

1. General. Each wall which is constructed as part of a Residence any part of which is placed on the dividing line between Residential Lots shall constitute a party wall, and with respect to such wall, each of the adjoining Owners shall assume

the burdens and assume the benefits of this Declaration, and to the extent not inconsistent herewith, the general rules of law regarding party walls shall apply thereto.

2. Damage By One Owner. In the event that any such party wall is damaged or destroyed through the act of one adjoining Owner or any agent, guest, family or tenant of Owner, or by a member of Owner's family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such wall, then the first of the aforementioned Owners shall forthwith proceed to rebuild and repair the same to as good condition as formerly existed, without cost to the second Owner.

3. Damage By Other Cause. If any such party wall is damaged or destroyed by a cause (including ordinary wear and tear and deterioration from lapse of time), other than the act of one of the adjoining Owners, his agents, guests, family or tenant, both of such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly existed, at their joint expense.

4. Alterations. In addition to meeting the other requirements of this Declaration and of any building code or similar regulation or ordinance, any Owner proposing to modify, make additions to or rebuild his Residence in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining Owner and the ARB.

5. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to binding arbitration by the Association or its designated representative.

6. Default in Payment. Upon failure of any Owner required hereby to pay for the rebuilding or repair of a party wall for a period of 60 days, the Association may pay the cost thereof and assess such cost to the responsible party, which assessment shall be due and payable and become an assessment obligation of such Owner and a lien in all respects as provided in Article V.

ARTICLE IX - ARCHITECTURAL CONTROL

1. Architectural Restrictions. No building, fence, wall, or other structure shall be commenced, erected or maintained upon the Property, nor shall any improvement be demolished or removed, nor shall changes in, removal of or additions of fences, hedges, patio covers, landscaping, garages,

exterior paint or decor, or other item visible from outside of the Residential Lot on which it is to be built or made be commenced, applied, constructed, erected, or maintained by any person other than the Declarant until the plans and specifications showing the nature, kind, shape, height, materials, color, location and approximate cost of the same shall have been submitted to and approved in writing as to the harmony of exterior design, location and relation to surrounding structures and topography by the Architectural Review Board (the "ARB") constituted as set forth in Section 2, below. If the ARB fails to approve or disapprove such design and location within forty-five (45) days after all of said plans and specifications requested by the ARB have been submitted to it, such approval will not be required, and the Owner proposing such items shall be deemed to have fully complied with this paragraph. The standards and procedures pursuant to which the ARB shall operate may be set forth by Declarant in the Rules and Regulations issued as an exhibit to the Residential Lot Lease.

2. Architectural Review Board. There shall be an Architectural Review Board consisting of either three (3) or five (5) members to carry out the functions set forth in this Declaration for that body. Declarant shall appoint all of the original members of the ARB and all replacements thereof until one year after the date of the sale of the first Residence. Thereafter, Declarant may, but shall not be obligated to, appoint a majority of the members of the ARB. The Board of Directors shall have the power to appoint any remaining authorized members of the ARB. Any member of the ARB appointed by the Board of Directors shall be a member of the Association. Members appointed by the Declarant need not be members of the Association. All members of the ARB shall be appointed or elected for terms of two (2) years, and those appointed by Declarant may be removed by Declarant at any time, for any reason or no reason. An ARB member appointed by the Board of Directors may be removed only for cause. ARB members may be appointed to serve successive terms.

3. No Waiver. The approval by the ARB of any plans or specifications for any work done or proposed or in connection with any other matter requiring the approval of the ARB or the Board under this Declaration shall not be deemed to be or constitute a waiver of any right to withhold approval as to any similar plan, specification or matter whenever submitted for approval. In addition, the ARB's failure to act shall not be deemed to be or constitute a waiver of any right to review any subsequent building plans within the purview of the ARB.

4. Disclaimer of Liability. Neither the Board, the ARB, nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of:

(i) The approval or disapproval of plans or specifications, whether or not defective.

(ii) The construction or performance of any work, whether or not pursuant to approved plans or specifications.

(iii) The development or manner of development of any property within the Property; provided, however, that such member has acted in good faith.

5. Final Action. Any action taken by the ARB shall be final, subject only to a rehearing which may be granted by the ARB.

6. Variances. Where circumstances, such as topography, location of property lines, location of trees, or other matters require, the ARB may allow reasonable variances as to any of the covenants, conditions or restrictions contained in this Declaration under the jurisdiction of the ARB on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Project. Such variances shall not waive the right of the ARB to require strict adherence to this Declaration in all other circumstances.

ARTICLE X - USE RESTRICTIONS

In addition to all other covenants, restrictions and limitations contained herein, the use of the Property, each Residence and the Common Area is subject to the following restrictions:

1. Business Usage Prohibited. No Residence shall be used except for residential purposes. No part of the Project or any Residence shall ever be used or allowed, authorized or caused to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, or other nonresidential purpose, except for professional or academic endeavors not requiring the continuing presence of any employee or business invitee and except that Declarant, its successors or assigns, may use the Residences owned by it as models, for display and sales offices during the construction and sales period of the Project.

2. Billboards. Except for signs approved by the ARB for the benefit of the Project and temporary signs approved by the Board of Directors, no signs of any kind shall be displayed in public view on or about the exterior of any Residence, except signs not larger than is reasonable and customary in the area advertising such Residence for sale or lease.

3. Children. Each Owner shall be accountable to the remaining Owners, their families, visitors, guests and invitees for the conduct and behavior of his or her children and any other children residing in or visiting his or her Residence.

4. Pets. No Owner shall maintain or keep more than two usual and ordinary pets (exclusive of tropical fish but including caged birds). Such pets shall not be allowed in the Common Area except as permitted by the Rules and Regulations adopted by the Board, and, in particular, no dog shall be allowed in the Common Area without a leash. Each Owner shall be absolutely liable to each and all remaining Owners, their families, guests, servants, tenants and invitees for any damage to person or property caused by any pet brought into or kept upon or in the Project by an Owner or members of his family, guests, invitees or tenants. Except as provided in this Section 4, no animals of any kind shall be brought within the Project or kept in or on any Residence. The Association may prohibit the keeping of any animal that in the sole and exclusive opinion of the Board constitutes a nuisance to any other Owner.

5. Offensive Activities. No Owner shall permit or suffer anything to be done or kept upon or in his or her Residence or in the Common Area which will increase the rate of insurance thereon or will obstruct or interfere with the rights of other Owners, their families, guests and invitees, nor annoy them by unreasonable noises, vibrations, bright or flashing lights or otherwise, nor shall in any way interfere with the quiet enjoyment of each of the Owners of his or her respective Residence, nor will he or she commit or permit any nuisance, noxious, illegal or offensive activity to be permitted thereon or therein.

6. Owner Negligence. Each Owner shall be liable to the Association for any damage to the Common Areas or any equipment thereon which may be sustained by reason of the negligence or intentional acts or omissions of any said Owner, his family, guests or invitees, to the extent that any such damage shall not be covered by insurance.

7. Rubbish. Unless the Association has done so each Owner shall arrange for regular removal of rubbish, trash and garbage from his or her Residence and shall insure that all refuse, containers, woodpiles, storage areas, machinery and equipment shall be obscured from view of adjoining Residences and streets by a fence or appropriate screen approved by the ARB.

8. Prohibited Restrictions. No Owner shall execute or file for record any instrument which imposes restrictions upon the sale, leasing or occupancy of his or her Residence on the basis of race, color, religion, sex, sexual orientation, age, marital status, or national origin.

9. Storage. No Owner shall park or store machinery, equipment, baby carriages, playpens, bicycles, wagons, benches or chairs on any part of the Common Area, except that such personal property may be stored in storage areas, if any, that may be designated by the Association for that purpose. Sun decks and other recreational areas may be used for their customary purposes.

10. Antenna and Clothesline. No television or radio poles, antenna, satellite transmission or reception equipment, flagpoles, clotheslines or external fixtures other than those originally installed by Declarant or approved by the ARB, and any replacements thereof, shall be constructed, erected or maintained on or within the Project or any structures on it. No wiring, insulation, air conditioning or other machinery or equipment other than that originally installed by Declarant or approved by the ARB, and any replacements thereto shall be constructed, erected or maintained on or within the Property or any structures on it. Each Owner shall have the right to maintain television or radio antenna within completely enclosed portions of his or her Residence. The location of common antenna or connection facilities for cable television shall be solely as designated by the ARB.

11. Use of Vehicles. No truck, boat, trailer, van, camper, recreational vehicle or tent shall be used as a living area while located in the Project. No truck, trailer, van or recreational vehicle may be stored, other than within a garage of a Residence, within the Project by any Owner unless it is that Owner's principal means of transportation. However, trailers or temporary structures for use during the initial construction of the Project or the initial sales of Residences may be maintained within the Project provided such trailers or structures shall be promptly removed on completion of all initial construction and sales. No vehicle repairs other than oil changes, minor tune-ups, or simple repairs that can be completed within two hours shall be commenced upon any driveway, parking area, or other visible place. No waste fluids, parts, or other materials shall be dumped, in any drain, or on any part of the Project. No vehicle that is not in good working condition shall be permitted to remain on any part of the Common Area, parking areas, or driveways.

12. Personal Business Records Permitted. No restriction contained in this Article shall be construed in such a manner as to prohibit any Owner from the use of a Residence to (a) maintain his or her personal, professional library; (b) keep his or her personal business records or accounts; or (c) handle his or her personal or professional telephone calls or correspondence. Such uses are expressly declared to be customarily incident to the residential use of the Project and not in violation of any provision of this Article.

13. Exploration for Minerals. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted in the Project or any portion thereof, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface of the Project.

14. Restrictions Applicable to Guests, etc. The use of any Residence or of the Common Area or any portion thereof by any guest, invitee or tenant of any Owner shall be subject to all of the provisions of this Declaration, including, without limitation all of the use restrictions imposed under this Article, the Bylaws and the Rules and Regulations of the Association, and the Association may proceed directly against such guest, invitee or tenant in the enforcement of the provisions of this Declaration, the Association Bylaws or the Association's Rules and Regulations.

15. Fences and Screens. No fences, awnings, ornamental screens, screen doors, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the Project, except those that are installed in accordance with the original construction of the Project, and their replacements or as are authorized and approved by the ARB.

16. Gas or Liquid Storage. No tank for the storage of gas or flammable liquid shall be installed upon or in the Project unless such installation is done by Declarant or has been approved by the Board.

17. Diseased Plants. No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown or maintained within the Project.

18. Common Area Trees. No Owner shall cut, trim, prune, remove, replace or otherwise alter or affect the appearance or location of any tree, plant or other vegetation located in any portion of the Common Area without the prior written consent of the Board. The Association may recover from any Owner violating this Section the cost of restoring or replacing any such vegetation.

19. Exterior Alterations. No Owner shall make any alterations or modifications to the exterior of the buildings, fences, railings or walls situated upon his or her Residential Lot without the prior written consent of the ARB. Any structural, plumbing or electrical modification, alteration or addition to or of a Residence shall (a) conform to the standards for construction contained in the California Administrative Code, as amended from time to time, and (b) be approved, in advance, by the ARB.

20. Owner Maintenance. Except as provided in Article VII, Section 3 with respect to Association maintenance and Article VIII, Section 3 with respect to party wall repairs, each Owner of a Residence shall use and maintain his or her Residence in conformance with Article VII, Section 4 hereof.

21. Obligation for Taxes. To the extent allowed by law, all Residences, including the associated pro rata, undivided interests in the Common Area and the memberships of the Owner in the Association, shall be separately assessed and taxed so that all taxes, assessments and charges that may become liens prior to first Mortgages under local law shall relate only to the individual Residence and not to the Project as a whole. Each Owner shall be obliged to pay any taxes or assessments assessed by the County Assessor of the County against his or her Residence and against his or her personal property provided, however, that the Declarant shall not be obligated hereunder to pay any tax as to which it would otherwise be exempt. Until such time as real property taxes have been segregated by the County Assessor of the County, they shall be paid by the Owners. In such case, the proportionate share of the taxes for a particular Residence shall be determined by dividing the initial sales price of the Residential Lot by the total initial sales prices of all Residences within the Project. Unsold Residences shall be valued at their offered price. If and to the extent that taxes are not paid by any Owner and are allowed to become delinquent, they shall be collected from a delinquent Owner by the Association.

22. Remedies. The failure of any Owner to comply with any provision of this Declaration, the Articles, the Bylaws, or the Association's Rules and Regulations, shall give rise to a cause of action in the Association and any aggrieved Owner for the recovery of damages or for injunctive relief or both.

23. General Open Space Restriction. That area delineated as "General Open Space" in Exhibit A shall be restricted to those uses permitted from time to time under the long range development plan for the University of California Santa Barbara, as adopted and amended from time to time by The Regents of the University of California. If the long range development plan is terminated and no successor plan is adopted to perform essentially the same purposes of the previously existing Long Range Development Plan, then the uses permissible in the general open space area shall be as designated by The Regents of the University of California or its authorized representative.

**ARTICLE XI - SPECIAL RESTRICTIONS UPON
POSSESSION, OCCUPANCY AND USE OF RESIDENCES**

1. Qualified Use. A principal purpose of this Declaration is to create a residential community supportive of

and consistent with the educational and cultural goals of the Declarant; consequently no person shall possess, occupy or use any Residence unless such person is a "Qualified Person" or a "Conditionally Qualified Person" as defined in this Article XI. A person shall be deemed to possess, occupy or use a Residence for purposes of this Article if he or she resides in a Residence or otherwise regularly or from time to time physically occupies or uses it.

2. Qualified Person. A "Qualified Person" is a person determined to be eligible by the Chancellor of the University of California at Santa Barbara ("UCSB") in accordance with the employee housing policy and criteria (whether expressed or implied) of UCSB. That policy and those criteria are intended and dedicated to further the educational purposes of UCSB by enhancing the quality of education through retention and recruitment of faculty members; therefore, the Chancellor of UCSB may, in his or her sole discretion, from time to time designate as Qualified Persons, those employees of Declarant who are an integral part of the UCSB community, and with respect to whom the Chancellor of UCSB shall have determined that providing adequate housing is a priority. Without limiting the generality of the foregoing, among those persons who shall be eligible for designation as Qualified Persons shall be full-time UCSB academic appointees whose titles are among the following:

(a) Professor (regular series, in residence series, and acting series);

(b) Associate Professor (regular series, in residence series, and acting series);

(c) Assistant Professor (regular series and in residence series); and

(d) Lecturer and Senior Lecturer with security of employment.

Following designation as a Qualified Person, a person shall continue to be a Qualified Person until his or her employment by Declarant terminates, at which time he or she will no longer be a Qualified Person; provided, however, that no Owner who is a Qualified Person (a "Qualified Person/Owner") shall lose his or her status as a Qualified Person because of a termination of employment as result of disability or retirement. "Retirement" shall mean termination of employment at a time when a person shall be eligible to receive retirement benefits from the University of California Retirement System or any other retirement system used by Declarant.

3. Conditionally Qualified Persons. The following persons ("Conditionally Qualified Persons") shall be considered

to be Qualified Persons only upon the conditions and for the periods of time specified in this subparagraph:

(a) Any Qualified Person/Owner shall continue to be qualified until the expiration of one (1) year following the date on which such person shall cease to have been a Qualified Person as defined in Section 2 above;

(b) A Qualified Person/Owner's spouse or dependent child who shall possess, occupy and use a Residence as of the date of death of such Qualified Person/Owner shall continue to be a Qualified Person for five (5) years after such date or, if earlier, until, in the case of a spouse, he or she sells or disposes of the Residence or, in the case of a dependent child, such child attains the age of twenty-one years;

(c) An heir or legatee (other than a spouse or dependent child) of a Qualified Person/Owner who shall acquire ownership of a Residence shall be a Qualified Person for one (1) year from the date such heir or legatee shall acquire record ownership of such Residence;

(d) A Qualified Person/Owner's spouse who acquires the sole right of occupancy of a Residence pursuant to any marital settlement, proceeding or decree shall be a Qualified Person for a period of one (1) year from the date of such settlement, proceeding or decree;

(e) A co-Owner of a fifty percent (50%) or less undivided interest in a Residence who resides in such Residence during the lifetime of a Qualified Person/Owner shall be a Qualified Person for a period of one (1) year from the death of such Qualified Person; and

(f) Any lessee pursuant to Article XII, Section 7 shall be a Qualified Person during the term of a lease thereunder.

A Conditionally Qualified Person, as defined in this Section, may continue to possess, occupy and use a Residence until the expiration of his or her Conditionally Qualified status pursuant to this Section.

4. Offer or Sale by Conditionally Qualified Person.

(a) Any Conditionally Qualified Person who owns a Residence may, at any time during the period of conditional qualification, either:

(i) Offer to sell such Residence to the Declarant at the price and on the terms set forth in Article XII, Section 2 hereof; or

(ii) Sell or transfer his or her entire ownership interest in the Residence to a Qualified Person designated pursuant to Article XII, Section 5 to be eligible to purchase such Residence at the price and at the terms set forth in Article XII, Section 2 hereof.

5. Termination of Lease. With respect to any Residence, a majority of the ownership interest of which is owned by a person other than a Qualified Person or a Conditionally Qualified Person, Declarant, as lessor under the Residential Lot Lease for such Residence, may, pursuant to the terms thereof, terminate such Residential Lot Lease with respect to the Residential Lot and acquire such Residence or all ownership interests therein at the price and on the terms set forth in Article XII, Section 2.

6. Other Qualified Users. Use of a Residence by a person who is (a) related by marriage, blood, guardianship or foster care to a Qualified User, (b) co-owner of a 50 percent or less undivided interest in a Residence, (c) an invitee or guest of a Qualified User, or (d) a domestic or nurse employed by a Qualified User, during any period during which such Qualified User uses the Residence as his or her principal place of abode shall be deemed to be a use thereof by the Qualified User. Subject to Article XII, Section 7 hereof, use of a Residence by a person pursuant to a lease approved by the Association between such person and a Qualified Person shall be deemed to be use thereof by the Qualified Person.

7. Single Family Use. No Residence shall, at any time, be possessed, occupied or used by more than a Single Family, as herein defined.

8. Enforcement of Qualified Use Restriction. Declarant or the Association may enforce the provisions of this Article by appropriate action, including, but not limited to, any remedy or remedies provided in Articles IV and V of this Declaration.

ARTICLE XII - LIMITATIONS ON TRANSFER

1. Right of First Refusal. The Declarant shall have a right of first refusal with respect to the sale or other transfer of any Residence, as follows:

(a) If at any time an Owner shall intend to sell or assign his or her Residence or any interest therein in excess of a 50 percent undivided interest, or to reduce his or her ownership interest therein to less than a fifty percent undivided interest, such Owner shall first offer to sell said Residence to the Declarant at the price and on the terms set forth in Sections 2 and 3 of this Article XII; provided, however, that an

offer by an Owner to sell or assign his or her Residence to an Approved Purchaser, as that term is defined in Section 5 of this Article XII, and an acceptance thereof by the offeree, at the price and on the terms and conditions set forth in Sections 2 and 3 of this Article XII, shall be deemed to satisfy all obligations of such Owner pursuant to this Section 1(a).

(b) Each offer to sell a Residence pursuant to this Section shall be made in a written notice delivered to the Declarant.

(c) Declarant shall have the right, but not the obligation, to assign its right of acceptance of any offer made pursuant to this Section to an Approved Purchaser, as herein after defined.

(d) If Declarant rejects said offer or does not respond within 45 days, Owner may, by appropriate notices or advertisement, documentation of which shall be promptly delivered to Declarant, offer the Residence for sale, at the price and on the terms and conditions set forth in Sections 2 and 3 of this Article XII, for a period of thirty (30) days to any person who is a member of the Academic Senate of the University of California Santa Barbara. Thereafter, for an additional thirty (30) day period the offer shall be extended to include Declarant's salaried academic and non-academic staff and management employees. An offer made pursuant to this subsection shall remain open until accepted or for 60 days from the date of publication of the original notice or advertisement.

(e) If an Owner's offer pursuant to subsection (d) above is not accepted within sixty (60) days after it is made, and if the Owner still wishes to sell the Residence, Owner shall notify Declarant of such intention and provide it with the opportunity to purchase the Residence for an additional period of fifteen (15) days at the price and on the terms of the original offer made pursuant to subsection (a) above. After the expiration of the fifteen (15) day period, the Owner may then offer the Residence for sale on the open market at any price, and on any terms that are not more favorable to the purchaser than the price and terms of the original offer made to Declarant. Such offer by an Owner following expiration of not fewer than 120 days from the receipt of the initial notice to Declarant given by Owner pursuant to this Section may be made to any person, without respect to their "qualification" under Article XI.

(f) Any timely written notice of acceptance given by Declarant, an assignee of Declarant, or any offeree described in subsection (d) above, to an Owner who shall have made an offer under this Section shall constitute a binding acceptance of such offer at the price and on the terms set forth in Sections 2 and 3 hereof, respectively.

(g) Any purported offer or sale of the Residence other than in conformance with this Article XII, Section 1, shall be void and of no effect, except that such purported offer, sale or other transfer shall constitute an irrevocable offer to the Declarant to sell Owner's Residence at the price and on the terms set forth in Section 2 below, which offer shall be deemed to be delivered to Declarant 30 days following actual notice thereof by the Declarant of such purported offer, sale or transfer.

2. Purchase Price and Terms. The purchase price of any Residence offered or sold pursuant to this Article XII shall be the lesser of:

(a) The fair market value of the Residence as mutually determined by the Owner and Declarant; or

(b) The sum of: (A) the purchase price of the Residence paid by the Owner, plus (B) the product of the purchase price of the Residence paid by Owner and the fractional change in the Consumer Price Index (as defined below), if greater than zero, as published for the month immediately preceding the date on which the Owner purchased the Residence and said Index as published for the month preceding the date of the offer made pursuant to Section 1 of this Article, plus (C) the cost of all capital improvements to the Residence made by the Owner, but only to the extent that each such capital improvement exceeded \$1,000 in cost and was certified by the Association and Declarant at the time such improvement was completed following submission by the Owner of cost documentation in such form as Declarant or Association may prescribe, which documentation shall be subject to audit and proof less (D) the reasonable cost (calculated as of the date of the sale) to cure any destruction of or failure to maintain the Residence in excess of normal wear and tear. As used in this Section, "Consumer Price Index" means the National Consumer Price Index (all items) as published by the United States Department of Labor, Bureau of Labor Statistics, or, if such index ceases to be published, then any comparable successor index which measures changes in the prices of consumer items.

No offer hereunder shall require a closing of escrow or final payment thereunder in fewer than forty-five (45) days from the date of acceptance of such offer.

3. Closing Payment. If any offer made pursuant to Section 1 of this Article is accepted by Declarant, the closing thereon shall occur within 90 days of acceptance of Owner's offer, and the purchase price shall be paid in cash as follows:

(a) To the Association, for pro rata assessments, including ground rent assessment, if any, to the date of closing;

(b) To Owner's Mortgagee or Mortgagees as their respective interests may appear or by assumption of the Mortgage or Mortgages as arranged by the purchaser;

(c) In payment of necessary closing costs customarily charged to sellers, including by way of examples, but not limitation, title insurance premiums, documentary transfer tax and escrow fees; and

(d) The remainder to Owner.

Real property taxes and assessments are to be pro rated to the date of closing. The purchase, possession, occupancy and use of the Residential Lot shall be subject to all the terms and conditions of this Declaration.

4. Exemption from Transfer Limitations. The following persons and transactions shall be exempted from the provisions of this Article XII, except as provided in this Section 4:

(a) A purchaser who acquires title to a Residence at a duly advertised public sale with open bidding which is provided by law, such as, but not limited to, an execution sale, foreclosure sale, judicial sale, or tax sale; but any such purchaser, other than Qualified Person, shall, for a period of sixty (60) days after receipt of Declarant's demand therefor, make or be deemed to have made, an offer to sell the Residence to the Declarant pursuant to Section 1(a) or 1(g) of this Article XII;

(b) A transfer of a Residence to or a purchase of a Residence by a Mortgagee which is a bank, insurance company, savings and loan association, or other bona fide institutional lender which acquires its title as a result of holding a Mortgage upon the Residence concerned, and this exception shall be effective whether such Mortgagee acquires title (i) by deed from the Mortgagor or his or her successor in title, or (ii) through foreclosure proceedings;

(c) A sale or other transfer of a Residence by a Mortgagee which is a bank, insurance company, savings and loan association, or other bona fide institutional lender which acquires its title as a result of holding a Mortgage upon the Residence concerned, provided that such Mortgagee shall first have offered to sell said Residence (including all rights in the associated Residential Lot Lease), free and clear of all liens and encumbrances, at a price determined pursuant to Article XII, Section 2, above:

(i) to the Declarant for a period of thirty (30) days following a Mortgagee's delivery of a written offer of such sale, and

(ii) upon the expiration of the thirty (30) day period described in subsection (i), above (or sooner if the Declarant notifies the Mortgagee that Declarant declines to accept said offer), to all members of the Academic Senate and the salaried management staff of the University of California Santa Barbara.

The Declarant may assign its rights to purchase a Residence under subsection (c)(i), above, to such persons and upon such terms and conditions as the Declarant in its sole and absolute discretion may determine. If more than a single offeree under subsection (c)(ii), above, seeks to accept a Mortgagee's offer, the priority of acceptances shall be determined by lot. If the Declarant, its designee, or an offeree pursuant to subsection (c)(ii) timely accepts such Mortgagee's offer, the sale of a Residence shall, unless the buyer and seller otherwise agree, be closed within sixty (60) days after such acceptance.

(d) A purchaser, and any successor-in-interest or transferee thereof, other than those described in the foregoing subsections, who acquires title to a Residence as a result of sale by a Mortgagee, following expiration of the Mortgagee's offers referred to in subsection (c), above.

5. Approved Purchasers. Declarant or by designation of Declarant, the Chancellor of UCSB, may compile a list of Qualified Persons who shall be determined by the Chancellor of UCSB to be eligible, in descending order of priority, as listed, to purchase a Residence from an Owner at a price not to exceed the price for such Residence as determined pursuant to Section 2, above (such persons to be "Approved Purchasers"). No person shall be deemed to be an Approved Purchaser with respect to any offer, sale or transfer of a Residence unless an offer to sell such Residence has, in good faith, been made to each Approved Purchaser having a higher priority as determined by Declarant or the Chancellor of UCSB.

6. Certification of Status. Upon written request of any transferee or purchaser, tenant of a Residence or of an existing or prospective Mortgagee, transferee or beneficiary of any Deed of Trust encumbering a Residence, the Association and Declarant shall, within 15 days thereof, issue a written and acknowledged certificate in recordable form, evidencing if such be the case:

(a) With respect to a proposed sale under this Article, that the proper offers were made by the selling Owner and that the Declarant did not elect to exercise its right to purchase;

(b) With respect to a sale to an Approved Purchaser, that proper notice was given by the Owner and that such sale was permissible hereunder; or

(c) That a deed in lieu of foreclosure was, in fact, given in lieu of foreclosure and is not subject to this Article, except as provided in Section 4 hereof.

7. Leasing. An Owner other than Declarant or a Mortgagee may lease or rent Owner's Residence only on the following terms and conditions:

(a) No Residence shall be leased or rented for a period of less than 30 days;

(b) Any lease or rental agreement with respect to any Residence shall be in writing, and a copy thereof shall be delivered to the Association promptly after execution thereof by the Owner, and any tenant thereunder shall abide by and be subject to all of the terms of the provisions of this Declaration, the Articles, the Bylaws and the Association Rules and Regulations, and such lease or rental agreement shall specify that failure to abide by such provisions shall be a default under the lease or rental agreement;

(c) No Owner shall enter any lease or rental agreement which shall have a term longer than 12 months or which, when added to the term of any prior lease or rental agreement, would result in occupancy of a Residence by tenants for more than 13 months within the preceding twenty-four (24) months without prior written consent of the Declarant, provided, however, that if such lease shall be entered in conjunction with an academic leave approved by the Chancellor of the University of California Santa Barbara, the occupancy of the Residential Lot by tenants may extend to the duration of such leave;

(d) Execution by an Owner of any lease or rental agreement for a Residence in violation of Section 7(c) without the prior written consent of the Declarant shall be deemed to be an irrevocable offer to sell the Residence to Declarant at the price and on the terms set forth in Sections 2 and 3 of this Article XII.

8. Unauthorized Sales or Transfers. If any Owner shall attempt to sell, assign or otherwise transfer to any person other than an eligible Qualified Person or a Mortgagee, the Owner's Residence without making the offers described in Section 1 hereof and otherwise following the procedures set forth in this Article, such attempted or purported sale, assignment or transfer shall be wholly null and void and shall confer no title or interest whatsoever upon the attended purchaser or transferee. If any Owner shall attempt to transfer an interest in his or her Residence to a person other than a Qualified Person and such transfer shall (a) reduce the undivided ownership interest in the Residence of the Owner to less than 50 percent or (b) deprive the Owner of the right of immediate occupancy at any time in the future, such transfer of estate and right to possession shall be

wholly null and void and shall confer no title, interest or right of possession or occupancy whatsoever upon the intended transferee in the absence of consent thereto by Declarant.

9. Termination of Article XII. This Article shall cease to have any effect or confer any power on any person with respect to a particular Residence on or after January 1, 2046, except as may be specifically provided in any extension or reletting of the leasehold interest in the Residential Lot associated with such Residence by Declarant.

10. Enforcement of Article XII. Declarant, as well as any Owner and the Association, may enforce the provisions of this Article by appropriate action, including, without limitation, an action for unlawful detainer or to enjoin trespass.

11. Effect of Article XII. Nothing in this Article, and no act or failure to act of any person under the provisions of this Article, shall affect or work to limit, suspend or abridge the provisions of Article XI.

ARTICLE XIII - DESTRUCTION OF PROJECT

1. Bids and Insurance Proceeds. As soon as practicable after the damage or destruction of all or any portion of the Common Area, or all or any substantial portion of one or more Residences (unless all of such damage or destruction is covered by Article VIII - Party Walls), the Board shall:

(a) obtain bids from at least two reputable contractors, licensed in California, which bids shall set forth in detail the work required to repair, reconstruct and restore such damaged and destroyed portions of the Project to substantially the same condition as they existed prior to such damage, or, if required by law, to such condition as may then be required by law, and the itemized cost of such work; and

(b) determine the amount of all insurance proceeds available to the Association, as trustee or otherwise, for the purpose of effecting such repair, reconstruction and restoration and the amount of proceeds of insurance purchased by the Association which will not be made available to the Association for such purpose by reason of the payment of such proceeds to Mortgagees of Residences.

2. Sufficient Insurance Proceeds. If, after damage or destruction as described in Section 1 above, the insurance proceeds available to the Association, as trustee or otherwise, are sufficient to cover not less than eighty-five percent (85%) of the amount needed to effect the complete repair, reconstruction and restoration of the damaged or destroyed portions of the Project, then the Association shall cause such to

be repaired, reconstructed and restored to substantially the same condition as the same existed prior to such damage or destruction (or to such different condition as shall be required by law).

3. Insurance Proceeds Insufficient. If, after damage as described in Section 1 above, the proceeds of insurance available to the Association, as trustee or otherwise, are less than eighty-five percent (85%) of the amount needed to effect the complete repair, reconstruction or restoration of the damaged or destroyed portions of the Project, the following provision shall apply:

(a) If all of such damage or destruction was exclusively to the Common Area, then members who hold a majority of the voting power in the Association shall determine, at a meeting, whether (i) to repair, reconstruct and restore the damaged or destroyed Common Area and specially assess all Residences equally for all additional funds needed for such purpose or (ii) not to repair, reconstruct or restore the Common Area but to distribute such insurance proceeds to the lessor of the Common Area under the Common Area Lease, but subject to the rights, if any, of Mortgagees of Residences;

(b) If such damage or destruction was to all or a substantial portion of one or more Residences, then the proceeds of insurance available to the Association, as trustee or otherwise, shall be allocated between (i) the individual Residences which are damaged or destroyed and for which insurance proceeds are available to the Association, and (ii) the Common Area which is damaged or destroyed for which insurance proceeds are available to the Association. The share of available insurance allocated to the Common Area and the individual damaged or destroyed Residences (hereafter referred to as "Allocable Shares") shall be determined by giving due consideration to the insurance adjustment, the insurable value, the estimated costs of repair, restoration or reconstruction, payments of insurance proceeds to Mortgagees for debt reduction and insurance proceeds which are otherwise not available to the Association;

(c) If none of such damage or destruction is related to the Common Area, or if no insurance proceeds were available to the Association for the Common Area, then all available insurance proceeds shall be allocated to the damaged or destroyed Residences. The following procedure shall be used to determine the disposition of the Allocable Shares of insurance proceeds:

(i) The Common Area's Allocable Share of such insurance proceeds, if any, shall be used or distributed as provided in paragraph 3(a) of this Article XIII;

(ii) With respect to the damaged or destroyed Residences' Allocable Shares of such insurance proceeds, each

Owner (including the Declarant with respect to retained or reacquired Residence), of a damaged or destroyed Residence (which Residence was subject to allocation of insurance proceeds) shall, for purposes of this Section 3(c)(ii) be entitled to one vote for each Residence owned. That percentage of Owners and Mortgagees required under Article XVIII, Section 5, shall determine whether (A) to repair, reconstruct or restore all of such damage or destroyed Residences pursuant to a common plan by which each Owner of a damaged or destroyed Residence shall contribute and be specially assessed for an amount equal to the differences between the actual cost of repair, reconstruction or restoration of that Owner's Residence and the amount of that Residence's Allocable Share of available insurance proceeds (in which case the Association and the Owners of other Residences shall, by this provision and other appropriate means, be protected and held harmless from any claim or liability, in excess of the Residence's Allocable Share of available insurance proceeds, relating to such repair, reconstruction, and restoration); or (B) not to repair, reconstruct or restore such Residence pursuant to a common plan but to distribute each damaged or destroyed Residence's Allocable Share of insurance proceeds to the Owner of such damaged or destroyed Residence (including Declarant with respect to retained or reacquired Residences) but no Owner other than Declarant shall be paid an amount in excess of that to which such Owner would be entitled under Article XII, Section 2 upon a sale of the Residence; provided, however, that such distribution shall be subject to the rights of Mortgagees of Residences, as their respective interest may appear, all unpaid or special assessments, and the right of the Declarant to receive the balance after payment to Owner of all amounts owed to Owner.

4. Reconstruction. If a determination is made to repair, reconstruct and restore all or a portion of the Project, the Board shall (a) enter into a written contract with a contractor licensed in California and submitting the lowest responsible bid for such repair, reconstruction and restoration, (b) disburse insurance proceeds available for said work and funds collected by reason of special assessments authorized therefore in appropriate progress payments, and (c) take all steps necessary to insure the commencement and completion of such repair, reconstruction and restoration in a lawful and workmanlike manner at the earliest possible date.

ARTICLE XIV - CONDEMNATION

1. Board Appointed Attorney-in-Fact. The Board is hereby appointed attorney-in-fact for all Owners to represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of all or a portion of the Project.

The foregoing provisions shall not be applicable with respect to the interests of Declarant in the Project, whether as Lessor under a Residential Lot Lease or the Common Area Lease, or with respect to any other interest Declarant may have in the Project.

2. Sale by Consent. If an action for condemnation of all or a portion of the Project is proposed or threatened by any governmental agency having the right of eminent domain, then on written consent of Declarant and those Owners and Mortgagees required pursuant to Article XVIII, Section 3, the Project, or a portion of it, may be sold and conveyed to the condemning authority by Declarant and the Board, acting as attorney-in-fact for the Owners pursuant to Section 1 above, for a price deemed fair and equitable by Declarant and the Board. If Declarant or the requisite number of Owners or Mortgagees do not consent to a sale of all or a portion of the Project and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation awards.

3. Distribution of Sale Proceeds or Condemnation Award.

(a) In the event of a total sale or taking of the Project, meaning a sale or taking:

(i) That renders more than fifty percent (50%) of the Residences uninhabitable (such determination to be made by the Declarant and Board in case of a sale and by the court in the case of a taking); or

(ii) That renders the Project as a whole uneconomic as determined by Declarant and the vote or written consent of those Owners and Mortgagees required pursuant to Article XVIII, Section 3, the right of Declarant and any Owner to partition through legal action shall revive immediately. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Project, together with the proceeds of any sale pursuant to a partition action, after payment of all expenses relating to the sale, taking or partition action, shall be paid first to all Owners and to their respective Mortgagees in the proportion that the fair market value of each Residence bears to the fair market value of all Residences in the Project, and second to Declarant in an amount equal to the reduction in the fair market value of Declarant's fee interest in the Residential Lots and the Common Area. Fair market value shall be determined as set forth below.

(b) In the event of a partial sale or taking of the Project, meaning a sale or taking that is not a total taking

as described above, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgment of condemnation shall include the following provisions as part of its terms:

(i) To the payment of expenses of Declarant and the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the court to be paid from the amount awarded; then

(ii) To Declarant and Owners and to their respective Mortgagees, as their interests may appear, whose Residences have been sold or taken, an amount equal to the fair market value of each such Residence as determined below, less such Owners' share of the above expenses (which share shall be in the proportion that the fair market value of each such Residence bears to the fair market value of all Residences in the Project sold or taken in such proceeding). After such payment, the recipient shall no longer be deemed an Owner or a member, and the Declarant and the Association, acting as attorney-in-fact of all Owners, shall amend the description of the Project (if necessary) and this Declaration to eliminate from the Project the Residences so sold or taken;

(iii) To Declarant, an amount equal to the fair market value of Declarant's fee interest in any Common Area or Residential Lot sold or taken;

(iv) To any remaining Owner and his or her Mortgagees, as their interests may appear, whose Residence has been diminished in fair market value as a result of the sale or taking disproportionate to any diminution in fair market value of all Residences, as determined below, but as of a date immediately after any announcement of condemnation, an amount up to the total diminution in value; then

(v) To Declarant, the balance of the sale proceeds or award.

4. Fair Market Value as Appraisal Standard. Wherever in this Section reference is made to a determination of the fair market value of real property (including Residences, Residential Lots and Common Area), it shall mean the fair market value of such property as of a date immediately prior to the announcement of condemnation as determined by an appraisal by an independent appraiser selected by the Association, who shall be a member of the Society of Real Estate Appraisers or other nationally recognized appraiser organization and who shall apply its or such other organization's standards in determining the value or fair market value of such property. The cost of such appraisal shall be paid from the sale proceeds.

In determining fair market value of any portion of the Project and in determining the relative interests of Declarant and the Board, as attorney-in-fact for the Owners, therein, the appraiser shall observe the provisions of the Residential Lot Leases, Common Area Lease and the resale controls set forth in Articles XI and XII of this Declaration.

ARTICLE XV - WAIVER OF PARTITION

During the term hereof, no Owner shall sever his or her ownership interest in a Residence or any portion of a Residence from his or her membership in the Association or his or her right of use in and to the Common Area. The Owners and all other persons having an interest in the Project shall have no right or cause of action for a judicial partition of the Project, the Common Area, or any part thereof during the term hereof; provided, however, that a partition of the Project, including all Residences, shall be permitted if (1) three years after damage or destruction of the Project which renders in material part thereof unfit for its prior use, the Project has not been rebuilt or repaired substantially to its state prior to its damage or destruction, or (2) three-fourths or more of the Project has been destroyed or substantially damaged and the Owners holding in aggregate more than a majority of the voting power in the Association are opposed to repair or restoration of the Project. Nothing in this paragraph shall prohibit co-ownership of a Residence.

ARTICLE XVI - EASEMENTS AND RIGHTS OF ENTRY

Declarant specifically reserves for the benefit of the Association, for the Owners in common, and for each Owner severally, as their respective interest shall obtain, the easements, reciprocal negative easements, secondary easements and rights of way which are identified in this Article.

1. Declarant's Easement. To the extent necessary to permit construction, erection and sale or leasing of any Residence, there is reserved for the benefit of Declarant an easement in gross over and through the Residential Lots and Common Area and of entry and access for the purposes of such construction, erection and sales activity, which easement shall terminate upon completion of the construction of the Residences. There shall also be reserved for the benefit of Declarant an easement in gross over and through the Common Area and of entry and access for the purpose of leasing, maintaining and repairing Residences owned by Declarant.

2. Owner's Easement. There is reserved for the benefit of each Residential Lot, and the Owner thereof, as dominant tenement:

(a) A nonexclusive easement for utility services and the drainage of surface waters at reasonable places over, under and through the Project and each other Residential Lot Lease as the servient tenement;

(b) A nonexclusive easement for the use and enjoyment of and for ingress and egress to and from each Residential Lot, over and through the Common Area; and

(c) An easement for encroachment, occupancy and use of such portion of the Project and other Residential Lots, jointly as the servient tenement, as shall be encroached upon and occupied by the Residence located within the Residential Lot which is the dominant tenement, as a result of any alluvian accretion, erosion, subsidence, landslide, collapse, deterioration, decay, construction error, portions of Residential Lots (including without limitation, roof overhangs, foundations and party walls) which encroach upon other Residential Lots or the Common Area or movement or subsidence of buildings, structures or any portion thereof. The easement of encroachment here reserved shall continue notwithstanding that the encroachment may be cured by repair, reconstruction or restoration.

3. Owner's Right of Entry. To the extent reasonably necessary for the performance of an Owner's duties under Article VII, each Owner upon obtaining written approval from the Board, shall have a right to enter upon other Residential Lots and the Common Area at reasonable hours and after reasonable notice to the Owner of any Residential Lot to be entered upon.

4. Association's Easements and Rights of Entry. There is reserved to the Association, its agents and servants, an easement in gross over all Residential Lots as the servient tenement, and easements of entry and of access (a) for the installation and maintenance of sewers, storm drains, drainage facilities, utility meter boxes and utility lines which are part of the Common Area or Residential Lots; (b) for landscaping and maintenance of Common Area, exterior of Residences and Residential Lots; and (c) for the performance generally of its rights and duties as provided in this Declaration. For purposes set forth herein, the Association, through its duly authorized officers, agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Residential Lot at reasonable hours, and to grant, as attorney-in-fact for all the Owners, licenses for utilities or other public or quasi-public facilities in, over, and under the Common Area or a Residential Lot, provided no such license may be granted if it would permanently interfere with the use or enjoyment of any Owner of his or her Residential Lot.

ARTICLE XVII - AMENDMENTS

1. Amendment Before Close of First Sale. Before the close of the first sale of a Residence in the Project to a purchaser other than Declarant, this Declaration and any amendments to it may be amended in any respect or revoked by the execution by Declarant of an instrument amending or revoking the Declaration.

2. Amendment After Close of First Sale.

(a) Subject to the provisions of Article XVIII and subsection (b), below, after the close of the first sale of a Residence in the Project to a purchaser other than Declarant, this Declaration may be amended or revoked in any respect by the vote or written consent of the holders of not less than fifty-one percent (51%) of the votes of the voting power of the Association as defined in Article III, Section 2. However, if any provision of this Declaration requires a greater or lesser percentage of the voting rights of Owners in order to take affirmative or negative action under such provision, the same percentage of Owners shall be required to amend or revoke such provision.

(b) The consent of Declarant shall be required before any amendment or revocation of all or any provision of this Declaration shall become effective. Also, if the consent or approval of any other governmental authority, Mortgagee or any other person, firm, agency or entity is required under this Declaration with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

(c) Any amendment or revocation subsequent to the close of such first sale shall be evidenced by an instrument certified by the secretary or other duly authorized officer of the Association, shall make appropriate reference to this Declaration, its amendments and any consent required hereunder, and shall be acknowledged and recorded in the office of the County Recorder of the County.

3. Conformance With Mortgagee Requirements. It is the intent of Declarant that this Declaration and the Articles and Bylaws of the Association and the Project in general, shall now and in the future meet such requirements as are necessary to permit the purchase, guarantee, insurance or subsidization of any mortgage of a Residence in the Project by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. The Association and each Owner shall take any action or shall adopt any resolutions required by Declarant or any Mortgagee to conform this Declaration or the Project to the requirements of any of these entities.

ARTICLE XVIII - MORTGAGEE PROTECTION

1. Mortgage Permitted. Any Owner may encumber his or her Residence with a Mortgage.

2. Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first Mortgage that encumbers all or a portion of the Project, or any Residence, made in good faith and for value; and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such mortgage unless the Mortgagee expressly subordinates its interest, in writing, to such lien. If any Residence is encumbered by a first Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in the Declaration for assessments, or installments of assessments, shall not operate to affect or impair the lien of the Mortgage. On foreclosure of the Mortgage, the lien for assessments or the installments that have accrued up to the time of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser taking title to the Residence free of the lien for assessments or installments that have accrued up to the time of the foreclosure sale. On taking title to the Residence the foreclosure-purchaser shall be obligated to pay only assessments or other charges levied or assessed by the Association that became due or payable on or after the foreclosure-purchaser acquired title to the Residence. The subsequently levied assessments or other charges may include previously unpaid assessments, provided all Owners including the foreclosure-purchaser and his successors and assigns are required to pay their proportionate share as provided in this clause.

3. Control of Amendment of Project Documents. Unless a greater percentage is expressly required by this Declaration, the Articles, the Bylaws, or by law, the prior written consent (or deemed consent as provided below in this Section), of sixty-seven percent (67%) of the voting power of the Association as defined in Article III, Section 2 and of fifty-one percent (51%) or more of the first Mortgagees of Residences encumbered by first Mortgages shall be required to add or amend any material provisions of the Declaration, the Articles, the Bylaws, or the Common Area Lease which establish, provide for, govern, or regulate any of the following:

- (a) Voting;
- (b) Assessment, collection of assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of Common Area or improvements located on it;

(d) Casualty and liability insurance or fidelity bonds, including the use of insurance proceeds resulting from loss to Residences or Common Area;

(e) Rights to use the Common Area;

(f) Responsibility for maintenance and repair of Residential Lots and the Common Area and their improvements;

(g) Expansion or contraction of the Project or the addition, annexation, or withdrawal of real property to or from the Project, including condemnation and condemnation awards;

(h) Boundaries of any Residential Lot;

(i) The interests or rights of the Association or Owners in and to the Common Area;

(j) The convertibility of Residential Lots into Common Area or of Common Area into a Residential Lots;

(k) The leasing of Residences;

(l) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Residence; or

(m) Any provisions that are for the express benefit of first Mortgagees or insurers or governmental guarantors of first mortgages.

(n) The right of the Association to terminate professional management of the Project;

(o) Restoration or repair of the Project after partial condemnation or damage resulting from an insurable hazard which is not in accordance with this Declaration and the original plans and specifications.

For purposes of this provision, an addition or amendment shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. Any first Mortgagee who receives a written request to consent to additions or amendments requiring consent under this provision who does not deliver or post to the requesting party a negative response within thirty (30) days after such receipt shall be deemed to have consented to such request.

4. Effect of Breach. No breach of this Declaration shall defeat or render invalid the lien of any First Mortgage or First Deed of Trust made in good faith and value. However, each and all of the provisions hereof shall be binding upon and effective against any Owner whose title to a Residence is

acquired by or through trustee's sale or foreclosure of a first Mortgagee or first Deed of Trust, except that said person who acquires title in such manner shall take title free of the lien hereof for all assessments that have accrued up to the time of the trustee's Sale or foreclosure but subject to the lien hereof for all such charges that shall accrue subsequent thereto. The breach of any of the provisions hereof shall be enjoined, abated or reviewed by appropriate proceedings, notwithstanding the lien or existence of any such Mortgage.

5. Approval. Notwithstanding any provision in this Declaration which may be to the contrary, and in addition to all other approvals and consents required to be obtained from Mortgagees under this Declaration, unless the prior written approval of sixty-seven percent (67%) of the voting power of the Association as defined in Article III, Section 2 and sixty-seven percent (67%) or more of the first Mortgagees of Residences encumbered by first Mortgages is obtained, the Association shall not be entitled to:

(a) By act or omission fail to restore improvements in the Common Area after damage thereto or destruction thereof, or seek to abandon, partition, subdivide, encumber, sell or transfer any interest in the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Project shall not be deemed a transfer within the meaning hereof;

(b) Change the method of determining assessments from that provided in Article V;

(c) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance or maintenance of the Residences, the maintenance of party walks, party walls, common fences and driveways, or the upkeep of landscaping within the Common Area;

(d) Fail to maintain fire and extended coverage on insurable Common Area and Residences as provided in Article VI;

(e) Use hazard insurance proceeds for losses to Common Area and Residences for other than repair, replacement or reconstruction thereof;

(f) Change the rights of refusal and the restrictions on the rights of Owners to sell, transfer or otherwise convey Residences contained herein;

(g) Change any provisions of this Declaration that are for the express benefit of first Mortgagees or insurers or governmental guarantors of first Mortgages.

6. Books and Records. First Mortgagees of Residences shall have the right to examine the books and records of the Association at reasonable times and after reasonable notice.

7. Right to Make Payments. First Mortgagees of Residences may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on insurance policies, or secure new insurance coverage on the lapse of a policy for the Common Area, and Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association. This paragraph constitutes an agreement by the Association for the express benefit of all Mortgagees, and, upon request by any Mortgagee the Association shall execute and deliver to such Mortgagee a separate written agreement embodying this provision.

8. Damage; Condemnation Proceedings; Insurance.

(a) In the event of substantial damage to or destruction of the Project or portion thereof or to any Residence, or if any portion of the Project is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired under threat of condemnation, the Mortgagee with respect to any Residence shall be entitled to timely written notice of such damage, destruction, proceedings or proposed acquisition, and no provision of the Articles, Bylaws or this Declaration shall entitle an Owner or other party to priority over such Mortgagee with respect to the distribution for such Residence of any award, settlement or insurance proceeds. The notice required hereunder shall be given by the Association within 10 days of the occurrence of any such loss or taking;

(b) All applicable fire and all physical loss or extended coverage insurance policies with respect to the Project shall contain loss-payable clauses acceptable to the affected Mortgagees, naming the Mortgagees as their interests may appear.

9. Notices to Mortgagees of Record. Upon written request to the Association, identifying the name and address of a first Mortgagee and the applicable Residential Lot number or address, any Mortgagee or an institutional insurer or guarantor of a Mortgage will be entitled to a timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Residence on which there is a first Mortgage held, insured, or guaranteed by such Mortgagee or institutional insurer or guarantor, as applicable.

(b) Any delinquency in the payment of assessments or charges owed by an Owner of a Residence subject to a first Mortgage held, insured or guaranteed by such a Mortgagee or

institutional insurer or guarantor, which remains uncured for a period of sixty (60) days.

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action which would require the consent of a specified percentage of eligible Mortgagees as specified in Article XVIII, Section 3 and Section 5.

10. Examination of Books and Records. All first Mortgagees of Residences shall have the right, upon request, to examine Association books and records during normal business hours, receive an annual audited financial statement of the development within ninety (90) days following the end of any fiscal year of the development, and receive written notice of all meetings of the Association (in the same manner prescribed in the Bylaws for Owners) and designate a representative to attend all such meetings.

11. Management and Operations. In addition to the requirements of this Article, in the event professional management of the Association has been required by any eligible Mortgagee, mortgage insurer or guarantor, and implemented by the Association, any decision to establish self-management by the Association shall require the prior consent of sixty-seven percent (67%) of the voting power of the Association and the approval of eligible Mortgagees which have fifty-one percent (51%) of the votes of all Residences encumbered by mortgages.

ARTICLE XIX - DECLARANT'S CONTINUING RIGHTS

1. Failure of Association to Maintain. In the event the Association shall fail, refuse or neglect to take such acts, pursuant to Sections 2 and 3 of Article VII, as are necessary:

(a) To maintain the Project or any part thereof in good, proper and attractive condition, free of all liens other than any Mortgages permitted on individual Residences, or

(b) To maintain reserves adequate and prudent to provide for anticipated repair, replacement or major maintenance of Residences and improvements in the Common Area, or

(c) To otherwise assure compliance by all Residence Owners with the covenants and obligations of Article III of the Residential Lot Leases, including doing or performing the act or thing therein provided to be done or performed by any lessee, and if such failure, refusal or neglect shall continue for a period of 10 days, or such longer time as is reasonably required, after written notice from Declarant

specified in the nature of the act or thing to be done or performed, THEN Declarant may, without obligation or liability for failure to do so, do or perform or cause to be done or performed such act or thing or such other acts or things as it deems necessary to achieve compliance with the terms hereof, and with the terms of the Common Area Lease or the Residential Lot Leases (entering upon the Project for such purposes, if Declarant shall so elect). Declarant shall not be held liable or in any way responsible for any loss, inconvenience or damages resulting to the Association or Owners or the the invitees, guests, licensees, contractors, Mortgagees or sublessees thereof, except for willfully or grossly negligent acts. No act or thing done by Declarant, pursuant to the provisions of this paragraph, shall be construed as a waiver by Declarant of any default by the Association or any Owner under any lease of any covenant, term or condition herein contained.

2. Assessments for Declarant's Costs. Any costs incurred by Declarant pursuant to any action taken pursuant to paragraph 1 of this Article will be allocated by Declarant to each Residence and its Owner in accordance with the provisions of the Residential Lot Leases. In the absence of fraud or gross error, such determination and allocation shall be final and binding upon the Association and all Owners. However, if a cost incurred by Declarant arises out of an act or thing that is not the primary responsibility of the Association, but is that of the Owner of a Residence as a result of failure to do or perform such act, and Declarant has given written notice to the Association as provided herein, then the entire amount of such cost shall be assessed to the Owner failing to do the act or thing required of him or her.

3. Working Capital Reserve. Declarant shall establish a working capital fund for the initial months of the Project's operation equal to two (2) months' assessments for each Residence.

ARTICLE XX - MISCELLANEOUS PROVISIONS

1. Inspection of Association's Books.

(a) The membership register, books of account and minutes of meetings of the Members, of the Board and its committees shall be made available for inspection and copying by any Member or by his or her duly-appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member, at the office of the Association or in such other place within the Project as the Board shall prescribe.

(b) The Board shall establish reasonable rules with respect to:

(i) Notice to be given by the Member desiring to make the inspection;

(ii) Hours and days of the week when such an inspection may be made;

(iii) Payment of the cost of reproducing copies of documents requested by a Member.

(c) Every director of the Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

2. Water Supply and Usage. Water and sewerage services are being provided to the Project by Declarant, who has the authority to restrict water service to the Project. In the event Declarant exercises such authority so as to restrict the water supply to the Project, the Board shall have the authority to restrict the amount of water available to the Common Area and to each Residence, to restrict the use of such water made by members of the Association, and to adopt such rules and regulations as may be necessary from time to time to comply with any limitations or restrictions made applicable to the Project concerning water supply and usage. Such rules and restrictions shall be imposed in an equitable manner considering such factors as the respective area of the premises being restricted, the number of users and other relevant facts. The Association may bill Owners for water and sewage based upon either volume or upon such other apportionment as the Board shall deem equitable.

For purposes of the foregoing, the Association and Declarant have entered into that certain Utility Services Agreement regarding the provisions of water and sewer services to the development. Under the Utilities Services Agreement, the Association is obligated to pay for the utilities used in connection with the Common Area and the common facilities and to act as collection agent with respect to collection of the utility charges imposed on each Owner. Accordingly, the Association shall bill each Owner for his or her share of the utility charges (as determined by metering of water usage) and may suspend utility service to any Owner who is delinquent in his payment of utility charges until such delinquency, plus any costs, penalties and interest that has accrued, has been paid in full. While the utility charges to be collected from each Owner are not to be deemed part of the general assessment under Article V, Section 3(a), if any Owner fails to pay such charges as made from time to time by the Association as agent hereunder, the Association may levy a special assessment against such Residence pursuant to the provision set forth in Article V, Section 3(c).

3. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Project.

4. Mortgagee Protection. It shall be the duty of each Owner whose Residence is encumbered by a first Mortgage or deed of trust promptly to notify the Association through its secretary of the name and address of such Mortgagee or beneficiary, and the Association shall maintain a record of shall not affect the validity of the remaining provisions.

5. Successors and Assigns. This Declaration shall inure to the benefit of and be binding upon the successors and assigns of Declarant and the Association, and on the heirs, personal representatives, grantees, lessees, successors and assigns of the Owners.

6. Bylaws. The Owners shall have the right to adopt, for the Association, and to amend reasonable Bylaws. To the extent that any provision of the Bylaws which may be adopted by the Owners shall conflict with the provisions of this Declaration, the provisions of this Declaration shall control.

7. Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. The failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver of the remedy.

8. Violations as Nuisance. Every act or omission in violation of the provisions of this Declaration shall constitute a nuisance and, in addition to all other remedies set forth, may be abated or enjoined by any Owner, any member of the Board or the Association.

9. Number, Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary; the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

10. Incorporation of Exhibits. All exhibits referred to are attached to this Declaration and incorporated by reference.

11. Easements Reserved and Granted. Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in a deed to any Residence.

12. Delivery of Notices and Documents. Any written notice or other documents relating to or required by this

Declaration may be delivered personally or by mail. If by mail, such notice, unless expressly provided herein or in the Bylaws to the contrary with accord to the type of notice being given, shall be deemed to have been delivered and received forty-eight (48) hours after a copy thereof is deposited in the United States mail, postage and fees prepaid, addressed as follows:

(a) If to an Owner, other than Declarant, to the address of the Owner's Residence in the Project, or to the address last furnished by such Owner for the purpose of giving notice and delivering documents to the Board. Each Owner, other than Declarant, shall file in writing with the Board promptly upon becoming an Owner his or her address for the purpose of giving notice and delivering documents, and shall promptly notify the Board in writing of any subsequent change of address;

(b) If to Declarant, whether in its capacity as an Owner, or in any other capacity, to:

Chancellor,
University of California
Santa Barbara, California 93106

With a copy to:

The Regents of the University
of California
Office of Faculty Housing
Berkeley, California 94720

or such other successor address as Declarant shall hereafter indicate by notice.

(c) Prior to the organization meeting, notices to the Board shall be addressed to the address set forth in this Section and Article for the giving of notice to the Declarant. Thereafter, notices to the Board shall be addressed to the secretary of the Association, and the Board shall cause the address of the secretary of the Association to be posted at all times in the conspicuous place located in the Common Area. In addition, from and after the organization meeting, notice of the address of the secretary of the Association shall be given by the

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Board to each Owner within a reasonable time after the Board has received actual notice of such Owner's purchase of a Residence.

IN WITNESS WHEREOF, Declaration has executed this instrument on the day and year first above written.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By Robert S. Michaelsen
Robert S. Michaelsen

By _____

STATE OF CALIFORNIA -----) S.S.
COUNTY OF SANTA BARBARA -----)

On this the 8th day of December, 1986 before me, the undersigned, a Notary Public in and for said County and State, personally appeared Robert S. Michaelsen, personally known to me or proved to me on the basis of satisfactory evidence to be The Vice Chancellor of the University of California, Santa Barbara, and that he executed the within instrument on behalf of The Regents of the University of California, a California Corporation, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Regents.

Signature Marilyn Flaeschel

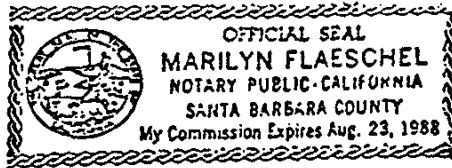


EXHIBIT A TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

Descriptions and/or
Record of Survey of Project

EXHIBIT "A"

That certain real property in the county of Santa Barbara, State of California, being a portion of the Rancho Los Dos Pueblos, according to the patent thereof recorded in Book A, Page 323 of Patents, as shown on a Record of Survey of the Devereux School property, filed in Book 83, Page 92 of Records of Survey, records of said County, described as follows:

Commencing at the northeast corner of the 221.47 acre tract as shown on said Record of Survey;

Thence S. $0^{\circ} 00' 54''$ W. along the east line of said 221.47 acre tract for 1672.24 feet to the true point of beginning;

Thence 1st, S. $0^{\circ} 00' 54''$ W. continuing along said east line for 636.40 feet;

Thence 2nd, N. $85^{\circ} 21' 23''$ W. for 776.37 feet;

Thence 3rd, N. $44^{\circ} 08' 43''$ W. for 114.07 feet to a point on the 32.95 acres parcel as shown on said Record of Survey;

Thence 4th, N. $45^{\circ} 50' 05''$ E. for 197.82 feet to the beginning of a non tangent curve to the left having a delta of $43^{\circ} 25' 44''$ and a radius of 175.00 feet, the radial center of which bears N. $44^{\circ} 11' 32''$ W.;

Thence 5th, Northwesterly along the arc of said curve for 132.65 feet;

Thence 6th, N. $2^{\circ} 17' 09''$ E. for 116.93 feet to a non tangent curve to the left having a delta of $24^{\circ} 21' 22''$ and a radius of 350.00 feet, the radial center of which bears N. $87^{\circ} 39' 43''$ W.;

Thence 7th, Northwesterly along the arc of said curve for 148.78 feet;

Thence 8th, N. $25^{\circ} 51' 38''$ E. for 76.89 feet;

Thence 9th, North for 67.97 feet;

Thence 10th, N. $84^{\circ} 00' 53''$ E. for 156.69 feet;

Thence 11th, S. $77^{\circ} 01' 55''$ E. for 433.02 feet;

Thence 12th, S. $39^{\circ} 16' 54''$ E. for 107.24 feet to the point of beginning.

EXHIBIT B TO
PURCHASE CONTRACT

WEST CAMPUS POINT
RESIDENTIAL LOT LEASE
UNIVERSITY OF CALIFORNIA
SANTA BARBARA

5/24/88

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EXHIBITS:

- FIRST - DESCRIPTION OF PROPERTY
- SECOND - DESCRIPTION OF RESIDENTIAL LOT
- THIRD - LIST OF LIENS AND ENCUMBRANCES, IF ANY, ON LOT
- FOURTH - WEST CAMPUS POINT PROPERTY USE AND MAINTENANCE REGULATIONS

WEST CAMPUS POINT
RESIDENTIAL LOT LEASE

THIS RESIDENTIAL LOT LEASE is made and entered into as of this _____ day of _____, 19 ____, by and between THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California public corporation ("The Regents"), and _____ (the "Owner").

PREAMBLE

1. The Regents is the owner of certain real property which is located at West Campus Point, unincorporated area, County of Santa Barbara, State of California, described in Exhibit "A" attached to and made a part of the Declaration of Covenants, Conditions and Restrictions of West Campus Point Planned Unit Development recorded December 11, 1986 as Instrument No. 1986-081389 of Official Records, of which Residential Lot _____ described in Exhibit First hereof is a part.

2. The Regents intend to develop up to sixty-five (65) units of for-sale housing ("Residences") on the Property for the principal benefit and convenience of the members of the faculty and academic staff of the University of California Santa Barbara (the "Housing Program").

3. The principal objective of the Housing Program is to strengthen the educational program at the University of California Santa Barbara, by fostering an academic community near the campus, creating affordable for-sale housing for members of the University's faculty and staff, and assisting in the recruitment and retention of faculty.

4. Owner seeks to lease Residential Lot _____ from The Regents and to purchase a Residence located on the Residential Lot.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties to this Residential Lot Lease agree as follows:

ARTICLE I - DEFINITIONS AND EXHIBITS

Section 1.01. Definitions. As used in this Residential Lot Lease:

(a) "Academic Senate" means the Academic Senate of the University of California Santa Barbara.

(b) "ARB" means the Architectural Review Board established pursuant to Article IX, section 2 of the CC&Rs.

(c) "Association" means the West Campus Point Homeowners Association, a California mutual benefit corporation, its successors and assigns.

(d) "Common Area" means the real property within the project leased pursuant to the Common Area Lease by The Regents to the Association for the common use and enjoyment of the owners.

(e) "Common Area Lease" means ground lease (or any amendment thereof or addition or successor agreement thereto) by and between The Regents as lessor and the Association as lessee for all land within the Property other than that leased or to be leased pursuant to a Residential Lot Lease.

(f) "Declaration" or "CC&Rs" means the Declaration of Covenants, Conditions and Restrictions of West Campus Point Planned Unit Development which was recorded on December 11, 1986, as Instrument No. 1986-081389, Official Records of the County of Santa Barbara, State of California.

(g) "Housing Program" means the program approved by The Regents for the development and construction of up to sixty-five (65) Residences in a community to be known as West Campus Point, for the benefit of the faculty and staff of the University, and includes any amendments or modification to such Program which, after approval by The Regents, may from time to time be made.

(h) "Lender" means The Regents, any savings bank, savings and loan association, commercial bank, trust company, credit union, insurance company, real estate investment trust, pension fund, or other lending institution of substance (including secondary market mortgage purchasers) which performs functions similar to any of the foregoing, which makes or is the assignee of a loan to the Owner secured by a deed of trust on the Residence located on the Residential Lot.

(i) "Maximum Resale Price" means the maximum permitted resale price of the Residence and the improvements located thereon as determined pursuant to the provisions of Section 3.07 of this Residential Lot Lease.

(j) "Owner" means the lessee identified in the first paragraph of this Residential Lot Lease.

(k) "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity as the context may require.

(l) "Property" means that certain real property located at West Campus Point, unincorporated area, County of Santa Barbara, State of California, described in Exhibit "A" attached to and made a part of the Declaration of Covenants, Conditions and Restrictions of West Campus Point Planned Unit Development recorded December 11, 1986 as Instrument No. 1986-081389 of Official Records, in the Office of the County Recorder of the County of Santa Barbara.

(m) "Regents" means The Regents of the University of California or any designee or authorized agent thereof.

(n) "Regulations" means the Property Use and Maintenance Regulations, as set forth in Exhibit Fourth to this Residential Residential Lot Lease and as hereafter amended.

(o) "Residence" means the residential structure or structures including patio areas, enclosed yards and garages, now, or hereafter during the term hereof, located on a Residential Lot.

(p) "Successor Owner" means any purchaser/assignee who is a successor in interest to the Owner with respect to any Residential Lot pursuant to the provisions of Section 3.04 of this Residential Lot Lease, or any person who succeeds to an interest under this Residential Lot Lease in the Residential Lot as a result of circumstances described herein.

(q) "University" means the University of California Santa Barbara.

Section 1.02. Exhibits. All of the Exhibits to this Residential Lot Lease are incorporated by reference in this Residential Lot Lease and shall, together with this Residential Lot Lease, be deemed one and the same instrument.

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ARTICLE II - TRANSFER OF LEASEHOLD
INTEREST AND BASIC TERMS OF RESIDENTIAL LOT LEASE

Section 2.01. Transfer of Leasehold Interest in Residential Lot. In consideration of the faithful performance by Owner of this Residential Lot Lease, including compliance by Owner with the Declaration and Regulations, The Regents leases the Residential Lot to Owner and Owner leases the Residential Lot from The Regents, together with all rights and privileges pertaining to the Residential Lot, subject, however, to the Declaration and any other covenants, conditions, restrictions, limitations, licenses, rights of way and other matters of record.

Section 2.02. Term. This Residential Lot Lease shall commence on the date first above written and shall end December 31, 2046; subject, however, to the provisions of Section 3.04 of this Residential Lot Lease and to earlier termination as provided in this Residential Lot Lease.

Section 2.03. Residential Lot Lease Rental.

(a) In consideration of the leasing of the Residential Lot, Owner shall pay to The Regents rent of \$120.00 per year subject to increases, to be set in the discretion of The Regents, in an amount not to exceed five percent (5%) of the previous year's rent. Any such increase shall take effect and be payable as of January 1st of any year during the Lease Term. Unless otherwise agreed to by The Regents, Owner shall pay rent not less frequently than quarterly and such payment shall, unless The Regents determines otherwise, be deducted from Owner's salary by The Regents. Payments for partial years and partial months shall be prorated.

(b) All payments enumerated in this Section 2.03 shall be made without offset of any kind.

Section 2.04. State of Title.

(a) The Regents represents and warrants that The Regents' title to the Residential Lot is now free and clear of any lien, charge, encumbrance, or claim except as may be referred to and described in Exhibit Second to this Residential Lot Lease, and shall so remain throughout the term of this Residential Lot Lease except as otherwise provided in this Residential Lot Lease.

(b) The Regents covenants to Owner that, at all times during the term of this Residential Lot Lease and so long as Owner is not in default under the terms hereof, Owner shall hold, occupy, and enjoy the Residential Lot without disturbance or hindrance by The Regents or by any other person claiming under or by right of The Regents.

Section 2.05. Uses and Purposes.

(a) Owner shall not use or permit any other person to use the Residential Lot or the Residence in any way that constitutes a nuisance. Owner shall conform to, and cause any person using or occupying the Residence and any person present in the Common Area by license or invitation of Owner, to comply with the CC&Rs, the Regulations and with all other applicable public laws, ordinances, and regulations (including all University regulations). Owner will hold harmless The Regents from any penalty, damages, or charge imposed for any violation of the CC&Rs, the Regulations or of any law, ordinance, or other regulation applicable to the use and occupancy of the Residential Lot, Residence or Common Area occasioned by the negligent or willful act or omission of Owner or by any person present therein or thereon by license or invitation of Owner.

(b) Notwithstanding subsection 2.05(a), above, Owner shall have the right to contest, by appropriate judicial or administrative proceedings, without cost or expense to The Regents, the validity or application of any present or future law, ordinance or regulation which restricts use of the Residential Lot, Residence or Common Area or which requires Owner to repair, maintain, alter, or replace the Residence, provided that Owner shall not have the right to contest the validity or application of the Regulations. Owner shall not be in default under this Residential Lot Lease for failing to commence repairs, maintenance, alterations, or replacements until a reasonable time following the final judgment and conclusion of appeals in any such administrative or judicial proceedings, provided that Owner shall protect The Regents, the Residence and the Residential Lot from any lien by adequate surety bond or other appropriate security. Owner's right to contest shall be exercised in such a manner as to avoid any exposure of the Residential Lot or Residence to foreclosure or execution sale.

(c) Owner shall not, without the express prior approval of The Regents, the Association or the ARB, requested and rendered in accordance with the requirements of the CC&Rs, permit the demolition or removal of any improvement or fixture located on the Residential Lot.

Section 2.06. Taxes and Assessments.

(a) Owner may become subject to the payment of property taxes as well as other taxes and assessments imposed by governmental entities against the Residential Lot. In such event, Owner shall have sole responsibility for, and shall pay when due all such taxes and assessments. Any such tax or assessment may be paid in installments when so allowed by the taxing or assessing governmental entity.

(b) Owner will hold harmless The Regents from the payment of any tax or assessment required to be paid pursuant to subsection 2.06(a), above. Subject to the provisions of subsection 2.06(c), below, Owner will prevent any such tax or assessment from becoming a delinquency lien upon the Residential Lot or Residence. If the payment of any such tax or assessment shall be more than ninety (90) days delinquent, The Regents shall have the right, but not the obligation, to pay such tax or assessment. If The Regents makes any such payment, the amount of the payment shall be immediately due and payable to The Regents by Owner and shall bear interest pending payment by Owner at the Residential Lot Lease Interest Rate.

(c) Owner shall pay when due each and every fee, charge, or assessment duly levied against the Residence by the Association pursuant to Article V of the CC&Rs.

(d) Owner shall have the right, at his or her own cost, to refuse to pay and to contest the amount or validity of any tax or assessment by an appropriate proceeding diligently conducted in good faith. However, Owner's right to contest shall be exercised in such a manner as to avoid any exposure of the Residential Lot or Residence to foreclosure or execution sale. Pending final judgment in and appeal from any such proceeding, The Regents shall not have the right to pay, remove, or discharge any tax or assessment so contested, provided that Owner shall protect The Regents, the Residential Lot and the Residence from any lien by adequate surety bond or other security.

(e) Owner's obligation to pay taxes and assessments levied and assessed against the Residential Lot shall exclude, without limitation, the following taxes and charges, however denominated: business, income, or profits taxes levied or assessed against The Regents or the Association by a federal, state or other governmental entity; or succession or transfer taxes of The Regents or the Association.

Section 2.07. Insurance.

(a) Except as provided in Article VI, sections 3 and 10 of the CC&Rs, Owner shall not separately insure the Residence against loss by fire or other casualty covered by any insurance carried by The Association.

(b) If, for any reason, the Association shall fail to maintain the policy of insurance described in Article VI, section 2 of the CC&Rs, Owner shall, at Owner's sole cost and expense, keep all of Owner's improvements on the Residential Lot insured at all times throughout the term of this Residential Lot Lease (including any period of time during which any building is in the process of construction, remodeling or demolition), against loss or damage by fire or such other hazards as are encompassed within the standard extended coverage endorsement

approved for use in the State of California in an amount not less than the full insurable value of the improvements, in accordance with Article VI, section 10 of the CC&Rs.

(c) All insurance provided for in this Section 2.07 shall be effected under valid and enforceable policies issued by insurers licensed to do so in the State of California and shall name The Regents as an additional insured.

Section 2.08. Ownership of Improvements. The Residence and all other improvements made or constructed on the Residential Lot following the effective date of this Residential Lot Lease shall be the property of Owner or of Successor Owners during the term of this Residential Lot Lease. Upon expiration of this Residential Lot Lease pursuant to Section 2.02, the Residence and all other improvements located on the Residential Lot shall become the property of The Regents, subject to the provisions of Section 6.06 of this Residential Lot Lease.

Section 2.09. Condition of Residential Lot. Owner hereby accepts the Residential Lot "as is" and acknowledges that the Residential Lot is in satisfactory condition. The Regents shall not be responsible for any land subsidence, slippage, soil instability, or damage resulting from such conditions.

Section 2.10. Nonliability of The Regents. This Residential Lot Lease is made on the express condition that The Regents shall be free from all liability or loss by reason of injury or death to any person, or damage to or loss of property from whatever cause, whether on the Residential Lot, or in any way connected with the Residential Lot or with the improvements or personal property on the Residential Lot, including any liability for injury or death to the person or damage to or loss of property of Owner, his or her agents, servants, or employees except to the extent that said injury or damage is caused by the willful or negligent act or omission of The Regents. Accordingly, in addition to the assurances set forth in Sections 2.05, 2.06, 2.11 and 4.05 of this Residential Lot Lease, Owner agrees to hold harmless The Regents, its officers, employees, and agents from any and all liability, loss, cost, or obligation on account of, or arising out of, any such injury or loss. Owner assumes all risks of injury or death of any person or damage to or loss of any property of Owner and any property under the control or custody of Owner while upon the Residential Lot.

Section 2.11. Liens and Encumbrances. Subject to Sections 2.06 and 5.02 of this Residential Lot Lease, Owner will keep the Residential Lot free and clear of any liens or encumbrances created by Owner's acts or omissions or created by the performance of any labor for or the furnishing of any material, supplies, or equipment to Owner. Owner will hold

harmless The Regents from any such liens, claims, or demands, and from any related costs, damages, or liability.

Section 2.12. Destruction and Restoration. If, during the term of this Residential Lot Lease, the Residence is wholly or partially destroyed by a risk covered by insurance carried by Owner pursuant to Section 2.07(b), unless reconstructed by the Association pursuant to Article XII, section 4, Owner shall promptly restore the Residence to substantially the original specifications, except as to variations required by law or as approved pursuant to Section 3.01, as it was immediately prior to such destruction, and such destruction shall not terminate this Residential Lot Lease.

ARTICLE III - IMPROVEMENTS ON PROPERTY AND
ASSIGNMENT/SUBLEASE OF INTERESTS UNDER RESIDENTIAL LOT LEASE

Section 3.01. Plans and Specifications.

(a) Before any construction or renovation on the Residential Lot by Owner (i) affecting the outward appearance of the Residential Lot or the Residence or (ii) affecting the structural or operational integrity of the Residence, Owner shall submit to the ARB plans and specifications for such construction or renovation. Such plans and specifications shall be in such detail and prepared in such manner as prescribed in the Regulations and as may reasonably be required to permit the ARB to make an informed judgment as to the overall design and manner of construction of the proposed construction or renovation. No such construction or renovation shall be undertaken by Owner without the ARB's written approval of the plans and specifications.

(b) Approval by the ARB of plans and specifications as required by this Section 3.01 shall not make the ARB, the Association or The Regents responsible or liable to Owner or to third persons for the design, construction, or quality of any improvement or renovation with respect to which its approval is given.

(c) The Regents acknowledges that it is common practice in the construction industry to make changes in designs contained in plans and specifications during the course of construction. Accordingly, The Regents agrees that changes that do not substantially alter plans and specifications previously approved by the ARB do not have to be submitted for separate approval.

Section 3.02. Demolition of Improvements. During the term of this Residential Lot Lease, Owner shall not demolish any structure on the Residential Lot without the express, written consent of The Regents. Such consent shall be entirely within The Regents' discretion to grant or to withhold. Any consent by

The Regents to such a request may be conditioned upon a requirement that Owner immediately commence and diligently complete construction of a replacement structure, which construction shall be undertaken in compliance with Section 3.01 of this Residential Lot Lease and shall be otherwise consistent with the terms of this Residential Lot Lease.

Section 3.03. Utility Services. Owner agrees to pay standard charges for each connection of Owner's housing unit to utility lines (other than those utility lines to which the housing unit is connected at the time of Owner's purchase) and for all utility services used by Owner.

Section 3.04. Assignments.

(a) Owner may, subject to subsection (b) of this Section 3.04 and to Sections 3.05, 3.06, 3.07, and 3.08 of this Residential Lot Lease, sell and convey his or her Residence and assign his or her interest under this Residential Lot Lease in the Residential Lot solely pursuant to the procedures and priorities set forth in Article XII of the CC&Rs. Upon such a sale, the Successor Owner purchasing the Residence may request that (i) this Residential Lot Lease be terminated and (ii) a new lease from The Regents be granted on the same general terms as this Residential Lot Lease, except that the term of such new lease shall not exceed sixty (60) years. Each subsequent qualifying purchaser under Article XII of the CC&Rs shall have a similar right to request that this Residential Lot Lease or the then applicable lease be terminated and that The Regents enter into a new lease embodying substantially the same terms and conditions as this Lease for a term not to exceed sixty (60) years. The Regents will consider such requests in good faith and act favorably thereon if the proposed sale is to an Approved Purchaser (as defined in Article XII of the CC&Rs) or if, in The Regents' judgment, the goals of the Housing Program will be furthered thereby.

(b) An assignment by Owner described in subsection (a) of this Section 3.04 will be effective only if, at the time of such assignment, Owner shall (i) pay any and all assessments due and owing which may have been imposed pursuant to the powers reserved to the Association or, if any such assessment has been imposed but is not yet due and owing, pay the prorated portion that is attributable to the portion of the year during which Owner held an interest in the Residential Lot; and (ii) repay to The Regents (with interest, if any) the full amount owing and payable as a result of any cash assistance, equity, second mortgage, or other loans made by The Regents to Owner in connection with Owner's occupancy of the Residence.

Section 3.05. University's Option to Terminate Lease and to Purchase Residence. Except as provided for herein in Section 5.02 of this Residential Lot Lease with respect to the

rights of lenders, if an ownership interest of greater than fifty percent (50%) in the Residence shall pass, whether by conveyance, will, operation of law, or otherwise, to any person who is not a "Qualified Person" or a "Conditionally Qualified Person" as those terms are defined in Article XI of the CC&Rs, or if Owner shall, at any time, cease to be a Qualified Person or Conditionally Qualified Person, the University may, at any time thereafter, terminate this Residential Lot Lease and purchase the Residence forty-five (45) days after notice to Owner of its intention to do so. Any event described in the preceding sentence shall also constitute an irrevocable offer to the University to sell the Residence to the University or its designee, at the price and on the terms set forth in Article XII, Sections 2 and 3 of the CC&Rs. Notwithstanding the foregoing, however, this Section 3.05 shall not apply to a purchaser or transferee (or the heirs, legatees or assigns of such a purchaser or transferee) who acquires rights under this Residential Lot Lease and ownership of the Residence from a Lender under a deed of trust described in Section 5.02 of this Residential Lot Lease, if such Lender has made the offers required under Section 5.02(f)(i) and (ii).

Section 3.06. Use of Residential Lot for Residential Purposes.

(a) Except as provided in subsections (b), (c), and (f) of this Section 3.06, Owner shall reside on the Residential Lot, and the Residence shall be used only as the principal place of residence of Owner and for no other purpose.

(b) If Owner, with the consent of The Regents and the Association, in accordance with the requirements of the CC&Rs and this Residential Lot Lease, demolishes the Residence, the requirement of subsection (a) of this Section 3.06 shall not be applicable until such time as a new housing unit is constructed on the Residential Lot, provided that construction of such housing unit shall begin within six (6) months of the date on which demolition of the prior housing unit commenced.

(c) Subject to rules applicable to the Project generally which may be promulgated by the Association, Owner may rent a Residence solely in compliance with Article XII, section 7 of the CC&Rs.

(d) The Regents may require Owner to provide such information as may be reasonably necessary to determine compliance with the provisions of this Section 3.06.

(e) If The Regents determines that Owner is in violation of the requirements of this Section 3.06, and if Owner shall fail, within thirty (30) days of receipt of written notice of such determination to comply herewith, such failure shall constitute an irrevocable offer by Owner to terminate the Residential Lot Lease and to sell the Residence thereon to The Regents at the price and on the same terms and conditions as

specified in subsection (a) of Section 3.05 of this Residential Lot Lease.

(f) Nothing contained in this Section 3.06 shall prohibit a Lender from holding an interest in the Residential Lot following a foreclosure or a transfer by a deed-in-lieu of foreclosure of the Residence.

Section 3.07. Resale Price Limitations. To assure that the Residences constructed on the Property will remain affordable by University-Associated Persons, the parties agree to impose a resale price limitation on the assignment of rights under this Residential Lot Lease and the sale of the Residence. To accomplish this purpose, this Residential Lot Lease may not be assigned nor may the Residence be sold by Owner at a price for such assignment and sale that is greater than the purchase price determined under Article XII, section 2 of the CC&Rs, except as provided in Article XII, section 1(e) of the CC&Rs and in subsections (f) and (h) of Section 5.02 of this Residential Lot Lease.

Section 3.08. Notices of Transfer and Sales Price. No later than thirty (30) days prior to the closing of any transaction as described in Section 3.04 of this Residential Lot Lease, Owner shall notify the Association and The Regents of the proposed transaction. The notice shall (a) identify the Successor Owner and describe his or her relationship to the University, and (b) set forth the proposed sales price. Such notice shall be accompanied by adequate documentation describing the transaction (in such form as may be prescribed by The Regents) and shall be signed by Owner and Successor Owner. The price as submitted and documented shall be the purchase price used in calculating the appreciation derived by the Successor Owner upon subsequent resale/reassignment. The Regents may from time to time specify other information which must be included in such notice.

Section 3.09. Effect of Assignment to a Successor Owner.

(a) The transfer of the possession of the Residential Lot under Section 3.04 of this Residential Lot Lease shall be a full and complete assignment. Following the effective date of the assignment, Owner shall have no further interest in the Residential Lot by virtue of this Residential Lot Lease.

(b) Following each assignment under Section 3.04, the Successor Owner shall assume all of the obligations and responsibilities imposed on Owner under this Residential Lot Lease, and all references in this Residential Lot Lease to Owner shall be deemed to refer to such Successor Owner.

Section 3.10. Limitation of Rights of Assignment or Subletting. Except as provided in Section 5.02 of this

Residential Lot Lease or as may be expressly approved by The Regents, Owner shall not grant, assign, sublease, exchange, or otherwise transfer any rights under this Residential Lot Lease other than in conformity with the provisions of this Article III, nor attempt to sell, grant, transfer, lease or otherwise convey any interest in the Residence other than in conformity with Article XII of the CC&Rs. Any such attempted sale, grant, assignment, lease, sublease, exchange, or other transfer shall constitute a breach of this Residential Lot Lease, and shall be void and of no force or effect.

ARTICLE IV - OTHER RIGHTS AND OBLIGATIONS
OF THE REGENTS AND THE OWNER

Section 4.01. Entry by The Regents. Except as described below, no representative of The Regents or Association may enter any improvement of Owner on the Residential Lot without Owner's prior consent, except in case of an emergency that appears to threaten injury to any person or destruction of any improvements. Representatives of The Regents or the Association shall have the right to inspect improvements under construction and, upon their completion, to ascertain that such improvements comply with the plans and specifications approved by the ARB, as provided in Section 3.01 of this Residential Lot Lease.

Section 4.02. Reservation of Oil, Gas and Mineral Rights. The Regents reserve the sole and exclusive right to prospect for, drill for, produce, and take any oil, gas, or other hydrocarbon or mineral substances and accompanying fluids, including all geothermal resources, from the Property from below the depth of five hundred (500) feet from the surface of the Residential Lot, including the rights to slant drill, maintain subsurface pressures, and utilize subsurface storage space for natural substances. This reservation does not include the right of entry from surface access, except on Common Area. Owner shall not, however, be disturbed in his or her quiet enjoyment and peaceful use of the Residential Lot by any drilling or production activities.

Section 4.03. Easements.

(a) The Regents reserve an easement across the Residential Lot which may be assigned to the Association for maintenance and upkeep purposes. The Regents also reserve the right to grant easements across the Residential Lot to utility companies and public agencies for the purpose of installing, operating, or maintaining lines or conduits for electricity, cable television, telephones, sewers, water, gas sprinkling systems, and similar public or quasi-public facilities. No such easement shall unreasonably interfere with the use, occupancy, or enjoyment of the Residential Lot by Owner.

(b) The Regents reserve an exclusive easement which they assign to the Association for the repair and maintenance of all exterior walls and surfaces and all roof areas of the Residence, and Owner shall make no repairs or alterations to such walls, surfaces, or roof areas, and shall not paint or perform other maintenance work on them without the Association's express approval.

(c) If any portion of the Common Area encroaches on the Residential Lot or if any portion of the Residential Lot encroaches on Common Area, a valid easement shall be deemed to exist for such encroachment and for the maintenance of such encroachment.

(d) Both the Association and lessees of leasehold parcels contiguous to the Residential Lot have reciprocal easements with Owner for the purpose of accommodating any encroachment occasioned by the natural settlement of any improvement.

(e) Owner shall not enter into any contract or agreement with any entity with respect to any easement without the prior consent of The Regents.

Section 4.04. Estoppel Certificates. At The Regents' request, Owner will execute, acknowledge and deliver a certificate certifying (i) that this Residential Lot Lease is unmodified and in full force and effect (or, if there has been any modification, that this Residential Lot Lease is in full force and effect as modified and stating the modification); (ii) the date to which the rent has been paid; (iii) that there are no existing offsets or defenses against the enforcement of any term of this Residential Lot Lease on the part of Owner (or, if so, specifying the same); and (iv) that no notice has been given to Owner of any default which has not been cured.

Section 4.05. Brokerage Commissions. Each party will hold the other harmless from and against any real estate brokerage commission or other such obligation incurred by the party using such brokerage services as the result of the negotiation or execution of this Residential Lot Lease or any assignment of this Residential Lot Lease.

Section 4.06. Compliance with the Regulations. Owner shall comply with the requirements respecting maintenance and use of the Property set forth in the Regulations, and failure to comply shall constitute a breach of this Residential Lot Lease and give rise to a cause of action by The Regents for the recovery of damages or for injunctive relief, or both.

ARTICLE V - NONSUBORDINATION AND PERMITTED
ENCUMBRANCES BY THE OWNER

Section 5.01. Nonsubordination of Residential Lot Lease.

This Residential Lot Lease shall be a prior lien against the Residential Lot in respect to any loan, mortgage, deed of trust, other lease, lien, or encumbrance that may hereafter be placed on the Residential Lot. Owner agrees, without any cost to The Regents, to execute any instrument which is necessary or is reasonably requested by The Regents to further effect the nonsubordination of the Residential Lot Lease.

Section 5.02. Permitted Encumbrances by Owner.

(a) Owner shall have the right, without obtaining the consent of The Regents, to assign all or part of Owner's interest under this Residential Lot Lease as security to any Lender pursuant to a deed of trust or other security instrument. In such event, The Regents will execute all necessary papers reasonably required by such Lender, provided that The Regents shall not be required to sign any note or deed of trust or otherwise become obligated to any Lender, and provided further, that no such encumbrance shall constitute a lien upon The Regents' ownership interest in the Residential Lot.

(b) Concurrently with the execution of any deed of trust described in Section 5.02(a), above, Owner shall furnish to The Regents the name and address of the holder of the deed of trust. The Regents shall thereafter mail to such Lender a duplicate copy of any notices which The Regents may give to Owner.

(c) Upon the recording of any deed of trust described in Section 5.02(a), above, Owner shall, at Owner's expense, record in the office of the Santa Barbara County Recorder a written request, executed and acknowledged by The Regents, for a copy of all notices of default and all notices of sale under such deed of trust as provided by the laws of California. Inclusion in the recorded deed of trust of a requirement for notices to be sent to The Regents shall constitute compliance with this provision.

(d) No deed of trust or other document may be recorded by Owner or any Lender with respect to the Residential Lot prior to the recordation of the Residential Lot Lease or a memorandum describing the Residential Lot Lease.

(e) Except as provided in Section 6.08 of this Residential Lot Lease, there shall be no modification, mutual termination, or surrender of this Residential Lot Lease by The Regents and Owner without the prior written consent of each Lender that is a beneficiary of a deed of trust described in

Section 5.02(a) above, and whose interest could be affected by such action.

(f) Any holder of, or beneficiary under, a deed of trust described in Section 5.02(a), above, that acquires an interest under this Residential Lot Lease by foreclosure or deed-in-lieu of foreclosure may assign or transfer the same (or any interest under any new lease obtained pursuant to Section 3.04(a), above) only after the expiration of thirty (30) days from the date such holder or beneficiary notifies The Regents of its intent to so assign or transfer and, thereafter, only in accordance with Article XII, Section 4 of the CC&Rs. A holder or beneficiary shall be considered to have fulfilled the notice requirements of this subsection (f) above, by notification of The Regents (with a copy to the Chancellor of the University of California, Santa Barbara) of an intent to assign and sell under such clause together with the proposed terms of such assignment and sale. Any assignment or transfer by any such holder or beneficiary that does not comply with the requirements of this subsection (f) and subsection (g) of this Section 5.02 shall be void and of no force or effect.

(g) The provisions of Section 3.04 of this Residential Lot Lease shall apply to the offering process described in subsection (f) of this Section 5.02 to the same extent as if subsection (f) were specifically mentioned in those subsections.

(h) Regardless of any other provision of this Residential Lot Lease, the maximum resale price of the Residence if acquired by a Lender as described in Section 5.02(f), above, shall be the greater of (i) the Maximum Resale Price for the Residence as established pursuant to Section 3.07 of this Residential Lot Lease or (ii) an amount equal to the full amount then owing on the mortgage loan that was foreclosed or with respect to which a deed-in-lieu of foreclosure was accepted, including interest accrued and unpaid thereon through the date of transfer, interest that would have been paid on the mortgage except for the transfer up to the date of sale, real property taxes that have been paid by the Lender or have accrued on the Residential Lot and Residence, the reasonable fees of the attorneys for the Lender, statutory costs and allowances permitted in connection with the foreclosure or other proceeding. In addition, the purchase price may include the reasonable expenses of repair or rehabilitation of the Residence, if necessary; the reasonable indirect cost of administration of the Lender with respect to foreclosure and resale of the Residence; and holding costs reasonably incurred by the Lender as a result of the foreclosure or the acceptance of a deed-in-lieu of foreclosure.

(i) The Lender and any Successor Owner shall be required to perform Owner's obligations under this Residential

Lot Lease for as long as such assignee of transferee holds a leasehold interest in the Residential Lot.

(j) The written consent of The Regents shall not be required to any assignment or other transfer of Owner's interest in this Residential Lot Lease at a foreclosure sale under any deed of trust described in subsection (a) of this Section 5.02, a judicial foreclosure under such deed of trust, or an assignment to the Lender under such deed of trust in lieu of foreclosure.

(k) The notification provisions of Section 3.08 of this Residential Lot Lease shall apply to any assignment and sale transaction under this Section 5.02, except insofar as such application may be impractical in the case of a foreclosure sale under any deed of trust described in Section 5.02(a) above, a judicial foreclosure under such deed of trust, or an assignment to the Lender under such deed of trust in lieu of foreclosure.

ARTICLE VI - DEFAULT, TERMINATION AND CONDEMNATION

Section 6.01. Default by Owner.

(a) Subject to the provisions of Section 6.01(b), below, if Owner shall fail to remedy any default in the payment of rental due under this Residential Lot Lease for thirty (30) days after notice of such default, or fail to remedy any default with respect to any of the other provisions, covenants, or conditions of this Residential Lot Lease to be kept or performed by Owner within sixty (60) days after notice of such default, or such additional time as is reasonably required to cure such default, The Regents shall have the right to terminate this Residential Lot Lease and Owner's right to possession of the Residential Lot and Residence by giving notice of such termination to Owner and any Lender under a deed of trust described in Section 5.02 of this Residential Lot Lease.

(b) The Regents shall not take any action to terminate this Residential Lot Lease because of any default or breach on the part of Owner if any Lender under a deed of trust described in Section 5.02 of this Residential Lot Lease:

(i) within forty-five (45) days after the giving of notice to the Lender by The Regents' intention to terminate this Residential Lot Lease for such default or breach, shall cure such default or breach if the same can be cured by the payment or expenditure of money; or

(ii) shall diligently take action to obtain possession of the Residential Lot and Residence (including possession by receiver) and to cure such default or breach in the case of a default or breach which cannot be cured unless and until the Lender has obtained possession; or

(iii) if such default or breach is not curable as provided under clauses (i) or (ii) of this subsection, shall institute and complete judicial or nonjudicial foreclosure proceedings or otherwise acquire Owner's interest with due diligence, and keep and perform all of the covenants and conditions of this Residential Lot Lease requiring the payment or expenditure of money by Owner until such time as Owner's interest shall be sold upon foreclosure pursuant to the deed of trust or shall be released or reconveyed thereunder, provided that a Lender shall not be required to continue such action for possession or such foreclosure proceedings if such default or breach shall be cured by Owner, and provided further that, if such Lender shall fail or refuse to comply with the conditions of this subsection, The Regents shall be released from the covenant or forbearance set forth in this subsection.

Section 6.02. Remedies of The Regents.

(a) If The Regents terminates this Residential Lot Lease in accordance with the provisions of Section 6.01, The Regents may recover from Owner:

(i) Unpaid rent earned at the time of termination, which termination shall be treated as if an assignment of the Residential Lot and a sale of the Residence had occurred;

(ii) All other amounts then owed to The Regents;
and

(iii) Any other amount necessary to compensate The Regents for all detriment proximately caused by Owner's default under this Residential Lot Lease.

(b) Efforts by The Regents to mitigate any damages caused by Owner's breach of this Residential Lot Lease shall not be treated as a waiver of The Regents' right to recover damages under this Section 6.02. Nothing in this Section 6.02 shall affect the right of The Regents to be held harmless for any liability arising prior to the termination of this Residential Lot Lease for death, personal injury, or property damage as provided in this Residential Lot Lease. No legal action shall be commenced under this Section 6.02 more than four (4) years after notice to The Regents of any breach of the Residential Lot Lease by Owner, or more than four (4) years after the termination of Owner's right to possession of the Residential Lot, whichever is earlier.

(d) Rent not paid when due shall bear interest at the Residential Lot Lease Interest Rate from the due date until received by The Regents.

Section 6.03. Effects of Waiver by The Regents. No waiver by The Regents at any time of any provision of this Residential Lot Lease shall be deemed a waiver at any subsequent time of the same or any other provision of this Residential Lot Lease, nor of the strict and prompt performance required by this Residential Lot Lease of Owner. No option, right, power, remedy, or privilege of The Regents shall be construed as being exhausted or discharged by its exercise in one or more instances. Each of the rights, powers, options, or remedies given The Regents by this Residential Lot Lease are cumulative and no one of them is exclusive of the other or exclusive of any remedies provided by law, and the exercise of one right, power, option, or remedy by The Regents shall not impair the right to use any other.

Section 6.04. Attorneys' Fees. In the event that either The Regents or Owner brings suit against the other to enforce rights under this Residential Lot Lease, each party shall bear the expense of their own attorneys' fees.

Section 6.05. Surrender of Residential Lot and Residence. Upon the expiration of the term of this Residential Lot Lease (including any extension thereof) or upon an earlier termination of this Residential Lot Lease, Owner shall quit and surrender the Residential Lot and the Residence to The Regents without further obligation on the part of either party to this Residential Lot Lease, free and clear of all liens and encumbrances other than easements created by or with the approval of The Regents. At the end of the term of this Residential Lot Lease or upon its earlier termination, the title to and ownership of the Residence shall automatically vest with The Regents without the execution of any further instrument.

Section 6.06. Owner's Right to Remove Personal Property. Upon expiration of the term of this Residential Lot Lease or its earlier termination, Owner shall have the right to remove any and all of Owner's personal property from the Residential Lot and Residence, provided that Owner shall be responsible for any resultant damage to the Residential Lot and Residence. Any personal property which is not removed within sixty (60) days of the expiration date of this Residential Lot Lease or its earlier termination, shall become the property of The Regents.

Section 6.07. Failure of Owner to Perform Required Acts. Subject to Section 2.05(b) above, if at any time during the term of this Residential Lot Lease, Owner fails or refuses to perform any action required of Owner, The Regents shall have the right but not the obligations to perform the same, but at the cost of and for the account of Owner, provided that The Regents shall in no case take such action sooner than thirty (30) days after giving Owner written notice of such failure or refusal and allowing Owner such period within which to commence a bona fide effort to cure the same. The amount of any money expended by The Regents pursuant to this Section 6.07, together with interest at

the Residential Lot Lease Interest Rate, shall be repaid to The Regents by Owner upon demand. Nothing contained in this Section 6.07 shall diminish the rights of The Regents with regard to defaults under Section 6.01 or with regard to remedies under Section 6.02 of this Residential Lot Lease.

Section 6.08. Condemnation.

(a) If, during the term of this Residential Lot Lease, the entire Residential Lot shall be taken as a result of the exercise of the right of eminent domain, or if less than the entire Residential Lot shall be taken but Owner shall determine that the Residence cannot at a reasonable expense be repaired, restored, or replaced to a condition suitable for residential purposes, Owner may terminate this Residential Lot Lease as of the date of such taking, and the rights of The Regents and Owner in and to the award upon any such taking shall be determined in accordance with Section 6.08(d), below.

(b) If less than the entire Residential Lot shall be taken as a result of the exercise of the right of eminent domain and Owner determines that the Residence can be repaired, restored, or replaced to a condition suitable for residential purposes, this Residential Lot Lease shall not terminate but shall continue in full force and effect for the remainder of its term. The rights of The Regents and Owner in and to the award upon any such taking shall be determined in accordance with Section 6.08(d), below. Owner shall, with due diligence and in compliance with Section 3.01, above, restore, repair, and replace that portion of the Residence not so taken to a condition suitable for residential purposes, having due regard for the design, construction, and character of the improvements existing before such taking.

(c) If all or any portion of the Residential Lot or Residence shall be taken by the exercise of the right of eminent domain for governmental occupancy for a limited period of time, this Residential Lot Lease shall not terminate, and Owner shall continue to perform and observe all obligations hereunder as though such taking had not occurred except to the extent that Owner may be prevented from so doing by reason of such taking. Owner shall in no event be excused from the payment of rent and all other sums and charges required to be paid under this Residential Lot Lease.

(d) If all or a portion of the Residential Lot shall be taken by exercise of the right of eminent domain, the total award in any such proceeding or for any such injury or reduction in value shall be determined as follows:

(i) In the event of any taking that results in the termination of this Residential Lot Lease in accordance with the provisions of this Section 6.08, then The Regents and,

subject to the rights of any Lender, Owner shall be entitled to prosecute claims in such condemnation proceedings for the value of their respective interests in the Residential Lot and Residence.

(ii) In the event of any taking of a portion of the Residential Lot or Residence that does not result in the termination of this Residential Lot Lease in accordance with the provisions of this Section 6.08, then The Regents and, subject to the rights of any Lender, Owner shall be entitled to prosecute claims in such condemnation proceedings for the value of their respective interests affected by such taking.

(e) As used in this Section 6.08, the phrase "taken as a result of the exercise of the right of eminent domain" shall mean a taking or damaging by eminent domain, or by inverse condemnation, or by deed or transfer in lieu thereof, for any public or quasi-public use under any statute or law. The taking shall, at the election of Owner, be considered to take place as of the earlier of (i) the date actual physical possession is taken by the condemnor; or (ii) the date on which the right to compensation and damages accrues under the applicable law; or (iii) the date on which title vests in the condemnor.

(f) If any Lender acquires an interest under this Residential Lot Lease by foreclosure or deed-in-lieu of foreclosure, then such Lender shall be entitled to the same rights and subject to the same requirements and restrictions as are applicable to Owner in this Section 6.08.

ARTICLE VII - MISCELLANEOUS PROVISIONS

Section 7.01. Force Majeure. If either party shall be delayed or prevented from the performance of any act required by this Residential Lot Lease by reason of acts of God, strikes, lockouts, labor troubles, inability to secure materials, or other cause, without fault and beyond the reasonable control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided that nothing in this Section 7.01 shall excuse Owner from the prompt payment of any rental or other charge required of Owner. The party delayed or prevented from the performance of any act shall notify the other of such delay or prevention within ten (10) days of its inception, and shall thereafter keep such party regularly informed of the status of such delay or prevention.

Section 7.02. Time of the Essence. The parties agree that time is of the essence of this Residential Lot Lease and, accordingly, that the time limits stated in this Residential Lot Lease shall be strictly observed.

Section 7.03. Binding Effect. The provisions of this Residential Lot Lease shall bind the heirs, executors, administrators, successors, and assigns of the original parties to this Residential Lot Lease, provided that this Section 7.03 shall not be deemed to authorize or permit the assignment of any interest in this Residential Lot Lease other than in strict compliance with its provisions.

Section 7.04. Notices.

(a) All notices required to be given under this Residential Lot Lease shall be in writing and shall be deemed to have been given when hand delivered to the addressee or deposited in the United States mail properly addressed to the addressee with postage prepaid in certified or registered form, return receipt requested.

(b) All notices to The Regents shall be delivered or mailed to The Regents of the University of California, Office of the Treasurer, 615 University Hall, 2200 University Avenue, Berkeley, California 94720, with a copy to the Chancellor, University of California, Santa Barbara, California 93106; or to such other address as The Regents may from time to time direct.

(d) All notices to Owner shall be delivered or mailed to the Residence or to such other address as Owner shall designate from time to time to The Regents.

(e) If The Regents has been notified of the interest of a Lender pursuant to Section 5.02(b) of this Residential Lot Lease, then any notice sent to The Regents or Owner shall be effective and deemed given only if a copy of such notice is simultaneously hand delivered or sent to such Lender by registered or certified mail, return receipt requested, at an address previously provided by Owner or such Lender.

Section 7.05. Memorandum of Residential Lot Lease. Concurrently with the execution of this Residential Lot Lease, the parties shall execute and acknowledge a memorandum of this Residential Lot Lease for the purpose of recording that document in the office of the Santa Barbara County Recorder. Such memorandum shall contain a description of the Residential Lot, the names of The Regents and Owner, and the term of this Residential Lot Lease.

Section 7.06. Nonmerger of Fee and Leasehold Estates. If under any circumstances both The Regents' fee interest in the Residential Lot and any subordinate leasehold interest in the Residential Lot become vested in the same owner, the Residential Lot Lease shall not be extinguished by application of the doctrine of merger except at the express election of such owner.

Section 7.07. Captions, Gender and Number.

(a) The captions used in this Residential Lot Lease are for convenience only and are not a part of this Residential Lot Lease and do not in any way limit or amplify its terms or provisions.

(b) As used in this Residential Lot Lease, the use of one gender shall include the other and the use of the singular shall include the plural, and vice versa, as the context may require. If Owner consists of more than one person, the covenants, obligations, and liabilities of Owner shall be the joint and several covenants, obligations, and liabilities of such persons.

Section 7.08. Governing Law and Construction. This Residential Lot Lease shall be construed and interpreted in accordance with and governed by the laws of the State of California. The language in all parts of this Residential Lot Lease shall be construed according to its fair meaning and not strictly for or against The Regents or Owner.

Section 7.09. Unenforceability or Invalidity of Provision. If and to the extent that any provision of this Residential Lot Lease should be found invalid, void, or unenforceable by a court of competent jurisdiction, or so rendered by legislative or administrative action, the validity of the remainder of this Residential Lot Lease shall not be affected and shall remain in full force and effect as if this Residential Lot Lease had been executed with the portion held to be invalid, void, or unenforceable eliminated. To accomplish the intentions of the parties as expressed in this Residential Lot Lease, the parties shall, if necessary, conclude a modification to this Residential Lot Lease, on terms that are reasonable and which will accomplish as nearly as possible the original intention of the parties as reflected in the portion held to be invalid, void, or unenforceable.

Section 7.10. Entire Agreement; Amendments. This Residential Lot Lease contains all of the agreements between The Regents and Owner relating in any manner to the subject matter of this Residential Lot Lease. No prior agreement or understanding with respect to the same shall be valid or of any force or effect, and no provision of this Residential Lot Lease shall be altered or added to, except in writing, signed by The Regents and Owner and with the written consent of any Lender. No representation, inducement, or understanding of any nature made, stated, or represented on behalf of either party to this Residential Lot Lease, either orally or in writing, has induced the other party to enter into this Residential Lot Lease, except as set forth herein.

Section 7.11. Assignment and Delegation by The Regents.
Notwithstanding any other provision of this Residential Lot Lease, The Regents reserves the right to assign and delegate its rights and duties under this Residential Lot Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Residential Lot Lease as of the date first above written.

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

ATTEST:

BY _____

WITNESS:

OWNER

EXHIBIT FIRST TO
RESIDENTIAL LOT LEASE

That certain real property in the county of Santa Barbara, State of California, being a portion of the Rancho Los Dos Pueblos, according to the patent thereof recorded in Book A, Page 323 of Patents, as shown on a Record of Survey of the Devereux School property, filed in Book 83, Page 92 of Records of Survey, records of said County, described as follows:

Commencing at the northeast corner of the 221.47 acre tract as shown on said Record of Survey;

Thence S. 0° 00' 54" W. along the east line of said 221.47 acre tract for 1672.24 feet to the true point of beginning;

Thence 1st, S. 0° 00' 54" W. continuing along said east line for 636.40 feet;

Thence 2nd, N. 85° 21' 23" W. for 776.37 feet;

Thence 3rd, N. 44° 08' 43" W. for 114.07 feet to a point on the 32.95 acres parcel as shown on said Record of Survey;

Thence 4th, N. 45° 50' 05" E. for 197.82 feet to the beginning of a non tangent curve to the left having a delta of 43° 25' 44" and a radius of 175.00 feet, the radial center of which bears N. 44° 11' 32" W.;

Thence 5th, Northwesterly along the arc of said curve for 132.65 feet;

Thence 6th, N. 2° 17' 09" E. for 116.93 feet to a non tangent curve to the left having a delta of 24° 21' 22" and a radius of 350.00 feet, the radial center of which bears N. 87° 39' 43" W.;

Thence 7th, Northwesterly along the arc of said curve for 148.78 feet;

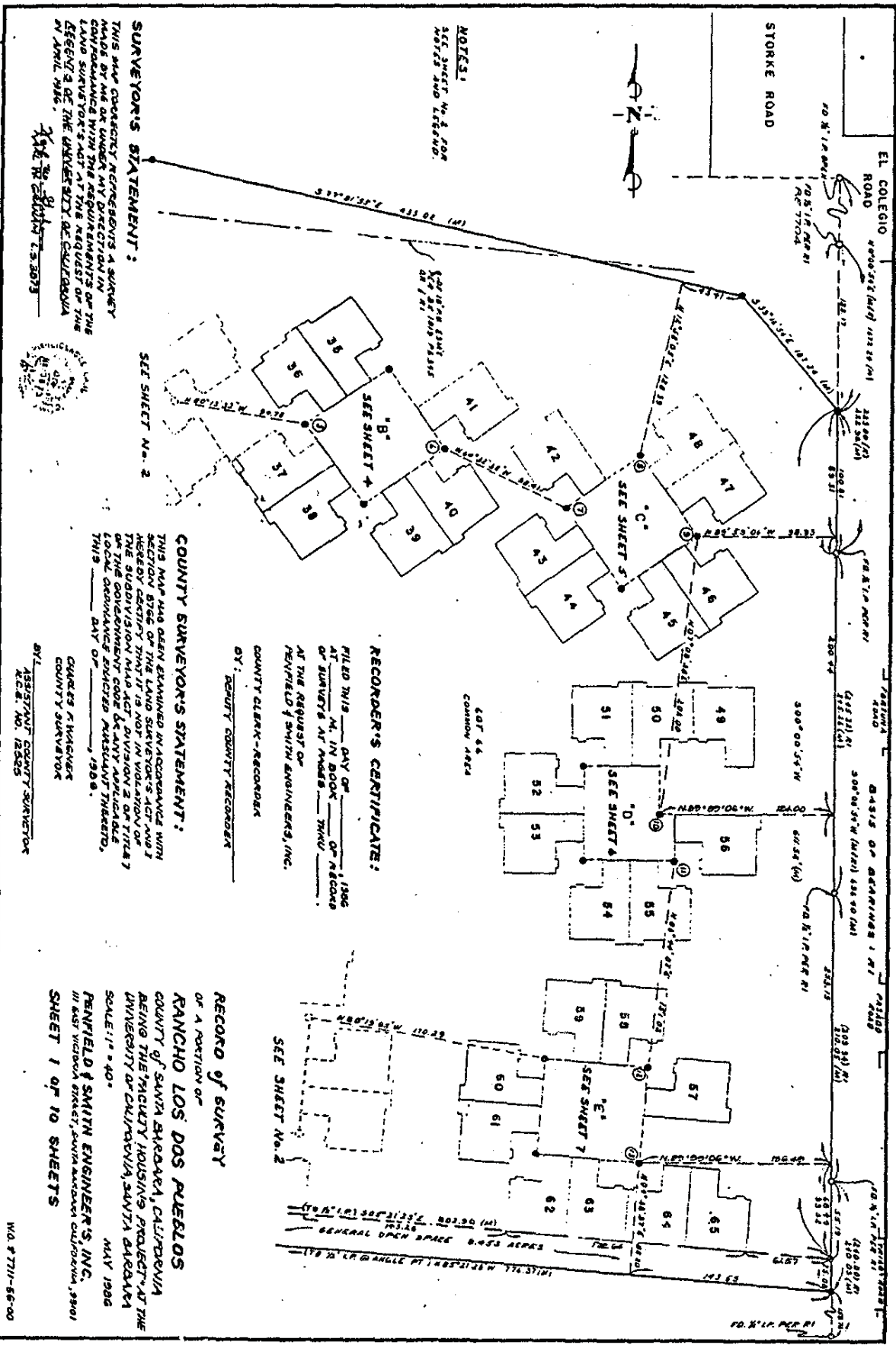
Thence 8th, N. 25° 51' 38" E. for 76.89 feet;

Thence 9th, North for 67.97 feet;

Thence 10th, N. 84° 00' 53" E. for 156.69 feet;

Thence 11th, S. 77° 01' 55" E. for 433.02 feet;

Thence 12th, S. 39° 16' 54" E. for 107.24 feet to the point of beginning.



NOTES:
SEE SHEET No. 2 FOR
NOTES AND LEGEND.

SURVEYOR'S STATEMENT:
THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE LAND SURVEYOR'S ACT AT THE REQUEST OF THE DEPT. OF THE UNIVERSITY OF CALIFORNIA IN APRIL 1966.
BY: *[Signature]*
DATE: 7-3-66



SEE SHEET No. 2

COUNTY SURVEYOR'S STATEMENT:
THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH SECTION 8766 OF THE LAND SURVEYOR'S ACT AND I HEREBY CERTIFY THAT IT IS NOT IN VIOLATION OF THE SUBDIVISION MAP ACT, DIVISION 2 OF TITLE 7 OF THE GOVERNMENT CODE OR ANY APPLICABLE LOCAL ORDINANCES ENACTED PURSUANT THERETO, THIS DAY OF _____, 1966.
CHARLES R. HANCOCK
COUNTY SURVEYOR
BY: ASSISTANT COUNTY SURVEYOR
R.C.E. NO. 12525

RECORDER'S CERTIFICATE:
FILED THIS DAY OF _____, 1966
AT _____ IN BOOK _____ OF RECORDS
AT THE REQUEST OF
PENFIELD & SMITH ENGINEERS, INC.
COUNTY CLERK-RECORDER
BY: DEPUTY COUNTY RECORDER

RECORD OF SURVEY
OF A PORTION OF

RANCHO LOS DOS PUEBLOS
COUNTY OF SANTA BARBARA, CALIFORNIA
BEING THE "MAGNETY HOUSING PROJECT" AT THE
UNIVERSITY OF CALIFORNIA, SANTA BARBARA
SCALE: 1" = 40'
PENFIELD & SMITH ENGINEERS, INC.
111 EAST VICTORIA STREET, SANTA BARBARA, CALIFORNIA, 93101
MAY 1966
SHEET 1 OF 10 SHEETS

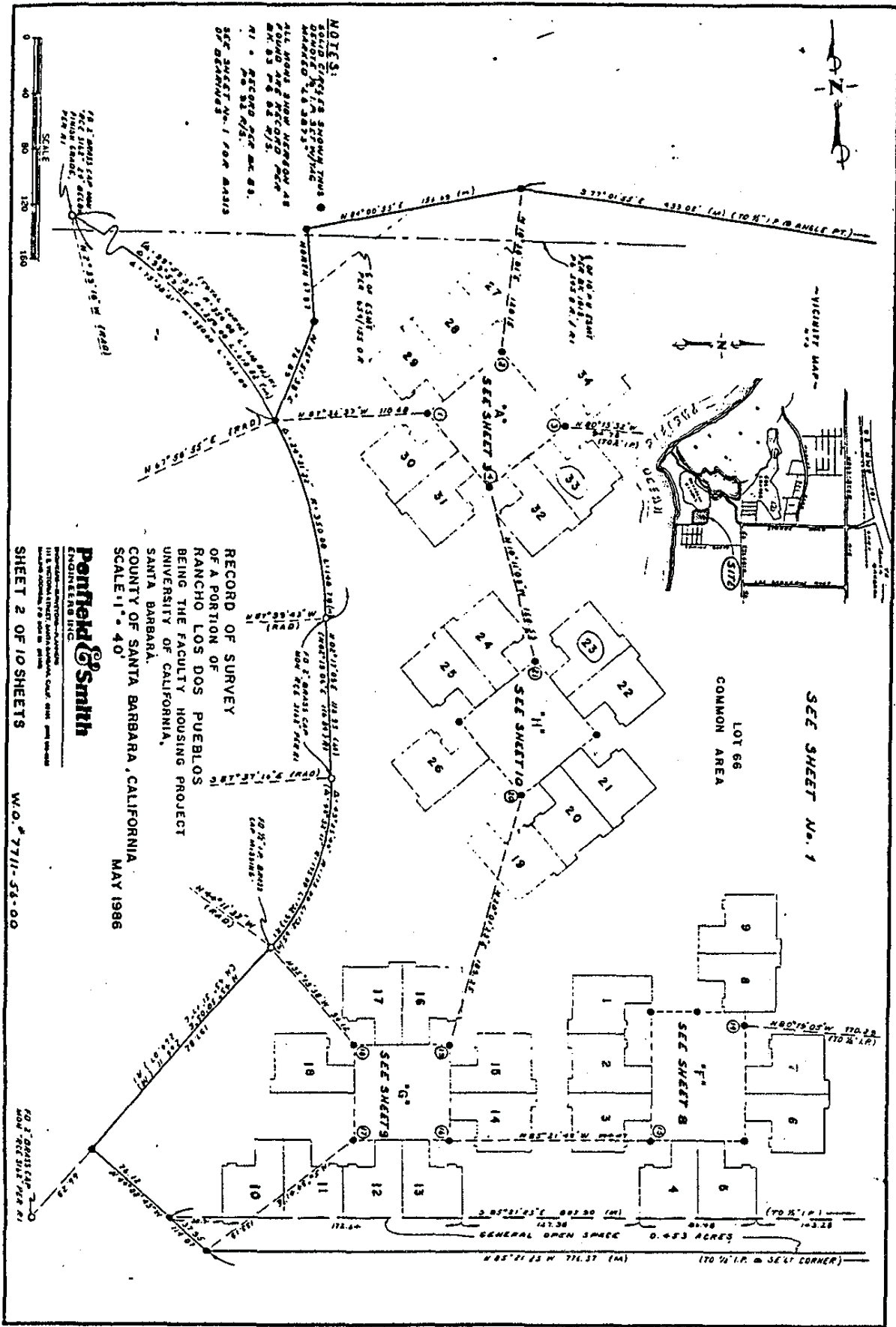
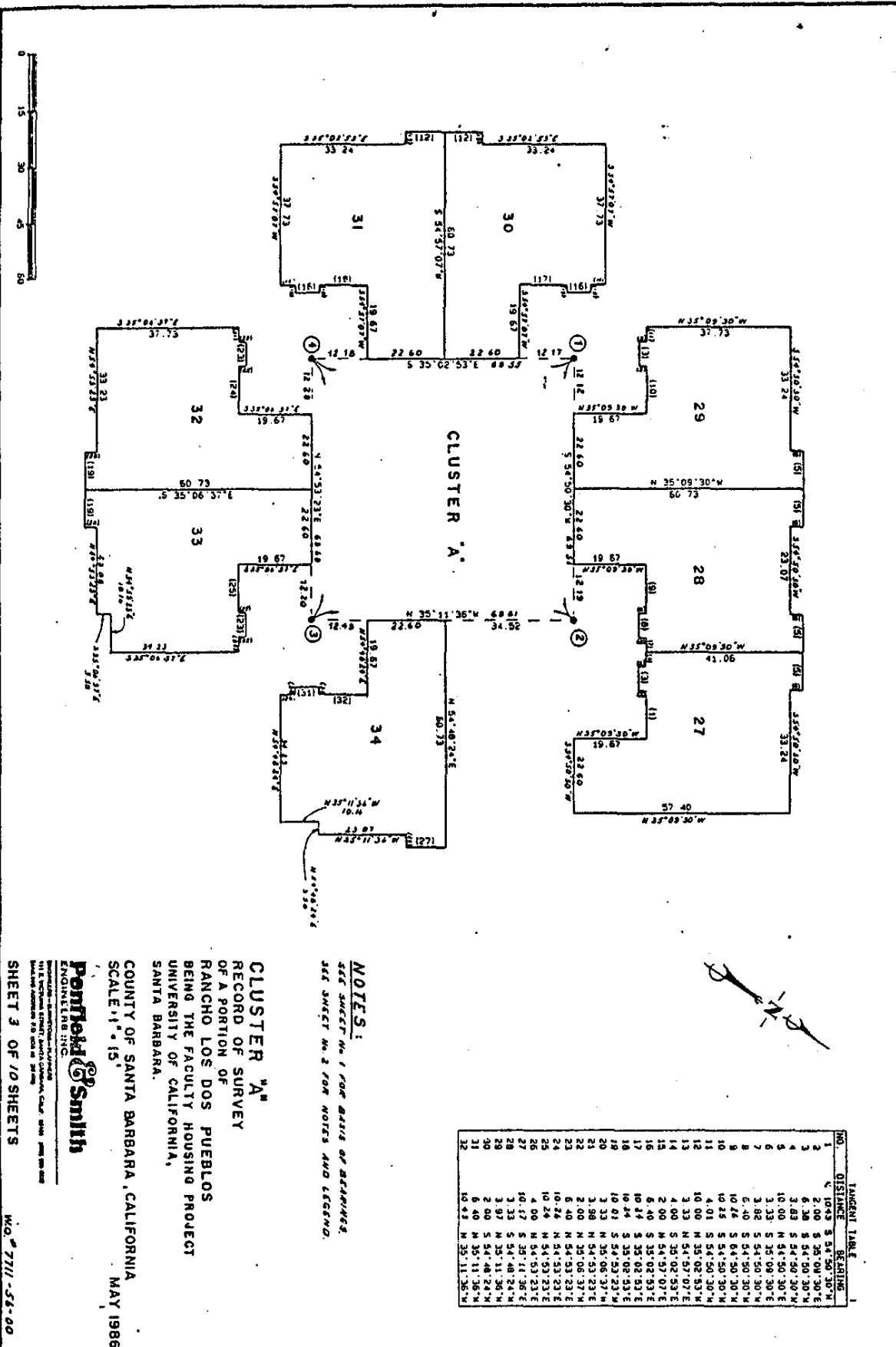


EXHIBIT FIRST TO RESIDENTIAL LOT LEASE



TABLE

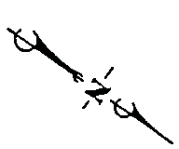
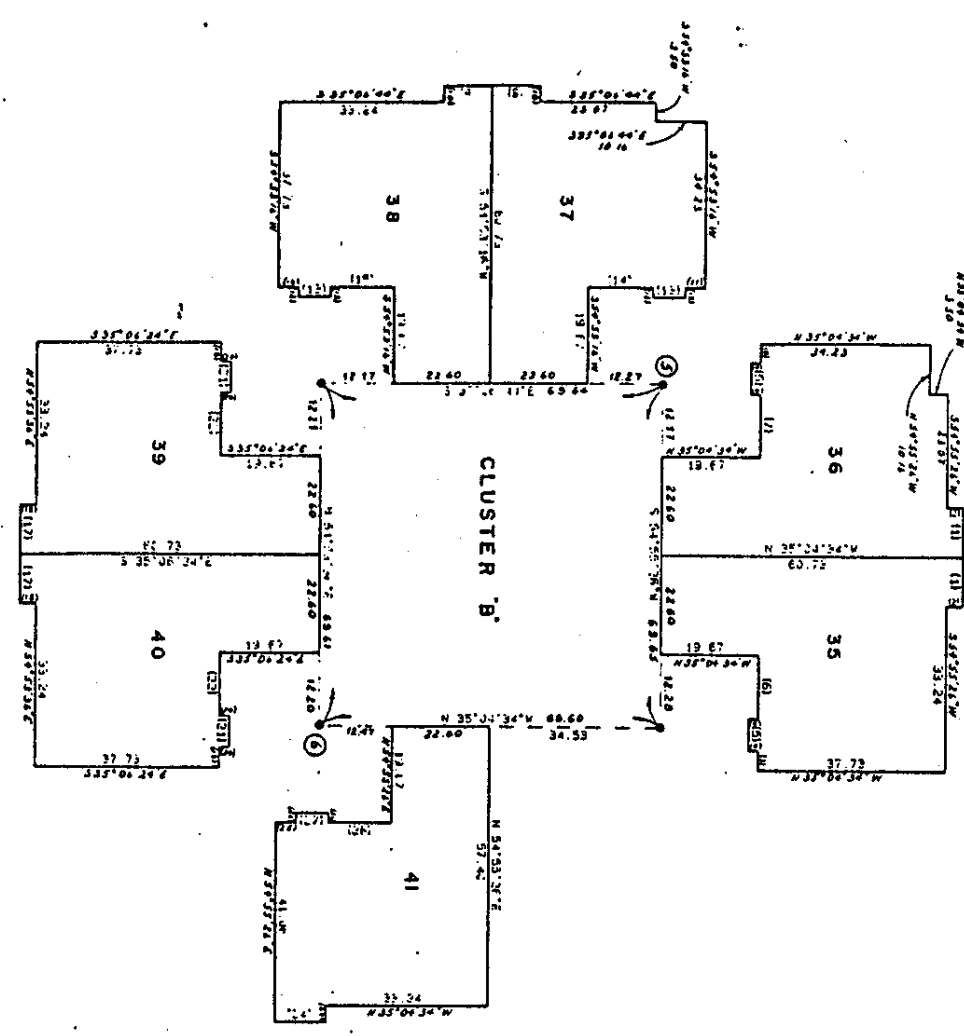
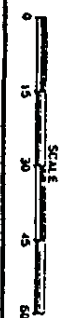
NO.	DISTANCE	BEARING
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3	3.83	S 54° 00' 30" W
4	3.83	S 24° 50' 30" W
5	10.00	N 55° 50' 30" E
6	3.23	S 25° 08' 30" E
7	3.82	S 54° 50' 30" W
8	6.70	S 24° 50' 30" W
9	10.45	S 54° 50' 30" W
10	10.00	N 55° 50' 30" W
11	10.00	N 38° 02' 30" W
12	3.33	N 54° 57' 02" E
13	4.00	S 35° 02' 30" E
14	2.00	N 54° 57' 02" E
15	6.40	S 35° 02' 30" E
16	10.44	S 35° 02' 30" E
17	10.44	S 35° 02' 30" E
18	10.44	S 35° 02' 30" E
19	3.33	N 55° 06' 37" W
20	3.33	N 55° 06' 37" W
21	3.33	N 54° 53' 23" E
22	2.00	N 38° 06' 37" W
23	6.40	N 54° 53' 23" E
24	10.24	N 54° 53' 23" E
25	10.24	N 54° 53' 23" E
26	4.00	N 54° 53' 23" E
27	10.47	S 35° 11' 36" E
28	3.33	S 54° 48' 24" W
29	3.97	N 35° 11' 36" W
30	2.00	S 54° 48' 24" W
31	6.40	N 35° 11' 36" W
32	10.44	N 35° 11' 36" W

NOTES:
 SEE SHEET No. 1 FOR BASIS OF BEARINGS.
 SEE SHEET No. 2 FOR NOTES AND LEGEND.

CLUSTER "A"
 RECORD OF SURVEY
 OF A PORTION OF
 RANCHO LOS DOS PUEBLOS
 BEING THE FACULTY HOUSING PROJECT
 UNIVERSITY OF CALIFORNIA,
 SANTA BARBARA.
 COUNTY OF SANTA BARBARA, CALIFORNIA
 SCALE: 1" = 15'
 MAY 1986

Portfield & Smith
 ENGINEERS INC.
 111 E. WASHINGTON STREET, SANTA BARBARA, CALIF. 93101
 PHONE: 833-1111

SHEET 3 OF 10 SHEETS



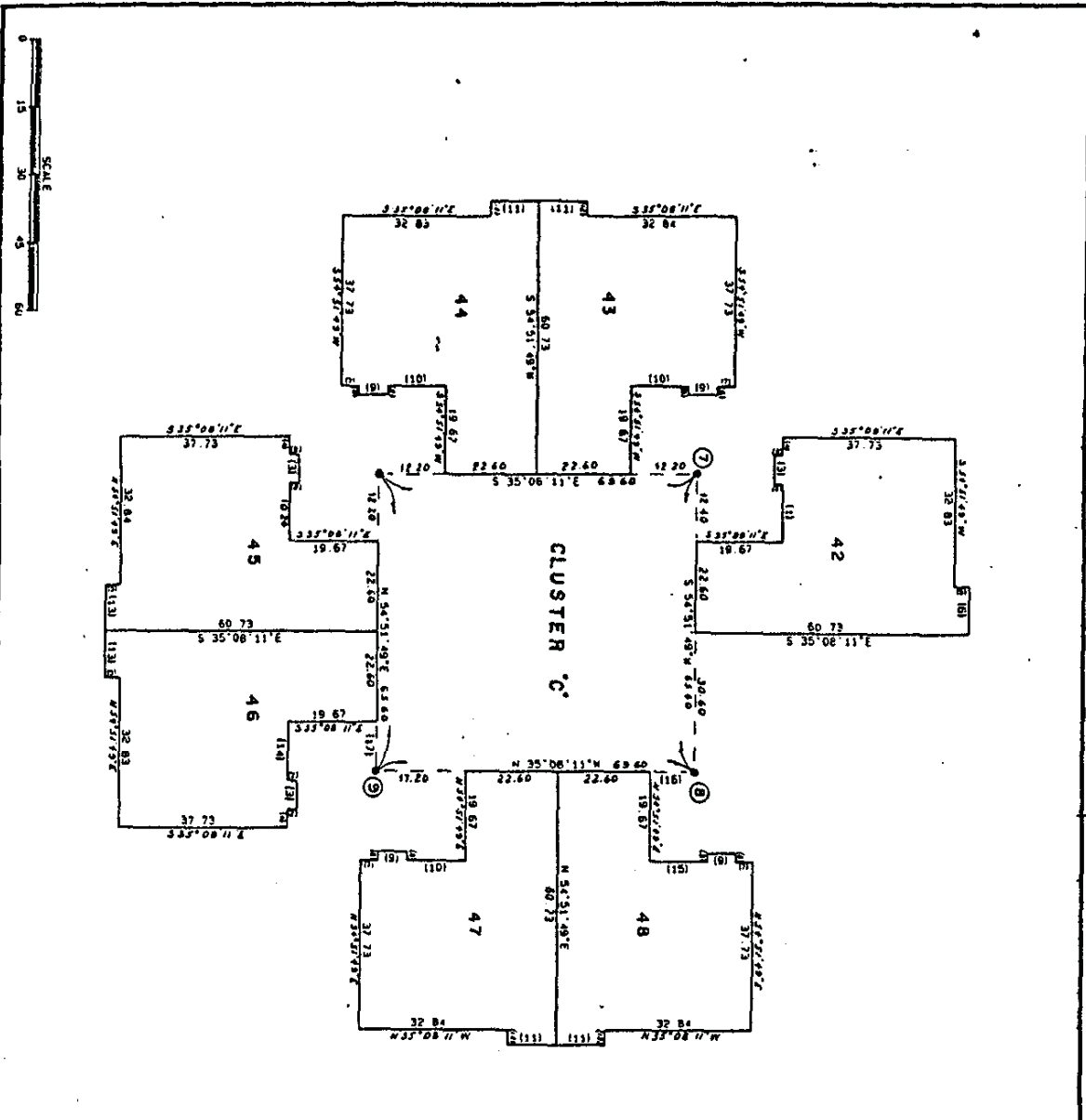
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5	6.40	S 54°55'26"W
6	10.24	S 54°55'26"W
7	10.20	S 54°55'26"W
8	4.04	S 35°06'44"W
9	10.00	S 35°06'44"W
10	3.33	N 54°53'16"E
11	4.00	S 35°06'44"E
12	2.00	N 54°53'16"E
13	6.40	S 35°06'44"E
14	10.24	S 35°06'44"E
15	10.20	S 35°06'44"E
16	3.98	S 35°06'44"E
17	10.00	S 34°52'36"W
18	3.33	N 54°53'16"E
19	4.00	N 54°53'16"E
20	2.00	N 35°06'28"E
21	6.40	N 54°53'16"E
22	10.24	N 54°53'16"E
23	3.33	N 54°53'16"E
24	10.17	S 35°04'34"E
25	4.02	N 35°04'34"E
26	2.00	S 54°55'26"W
27	6.40	N 35°04'34"E
28	10.20	N 35°04'34"E

NOTES:
 SEE SHEET No. 1 FOR DATA OF BOUNDARIES.
 SEE SHEET No. 3 FOR NOTES AND LEGEND.

CLUSTER B
 RECORD OF SURVEY
 OF A PORTION OF
 RANCHO LOS DOS PUEBLOS
 BEING THE FACULTY HOUSING PROJECT
 UNIVERSITY OF CALIFORNIA,
 SANTA BARBARA,
 COUNTY OF SANTA BARBARA, CALIFORNIA
 SCALE: 1" = 15'
 MAY 1986

Penfield & Smith
 ENGINEERS INC.
 111 S. VICTORIA STREET, SANTA BARBARA, CALIF. 93101 (805) 968-8888
 MAILING ADDRESS: P.O. BOX 88, GRADY

WO. 7711-51-00
 SHEET 4 OF 10 SHEETS



TABLE

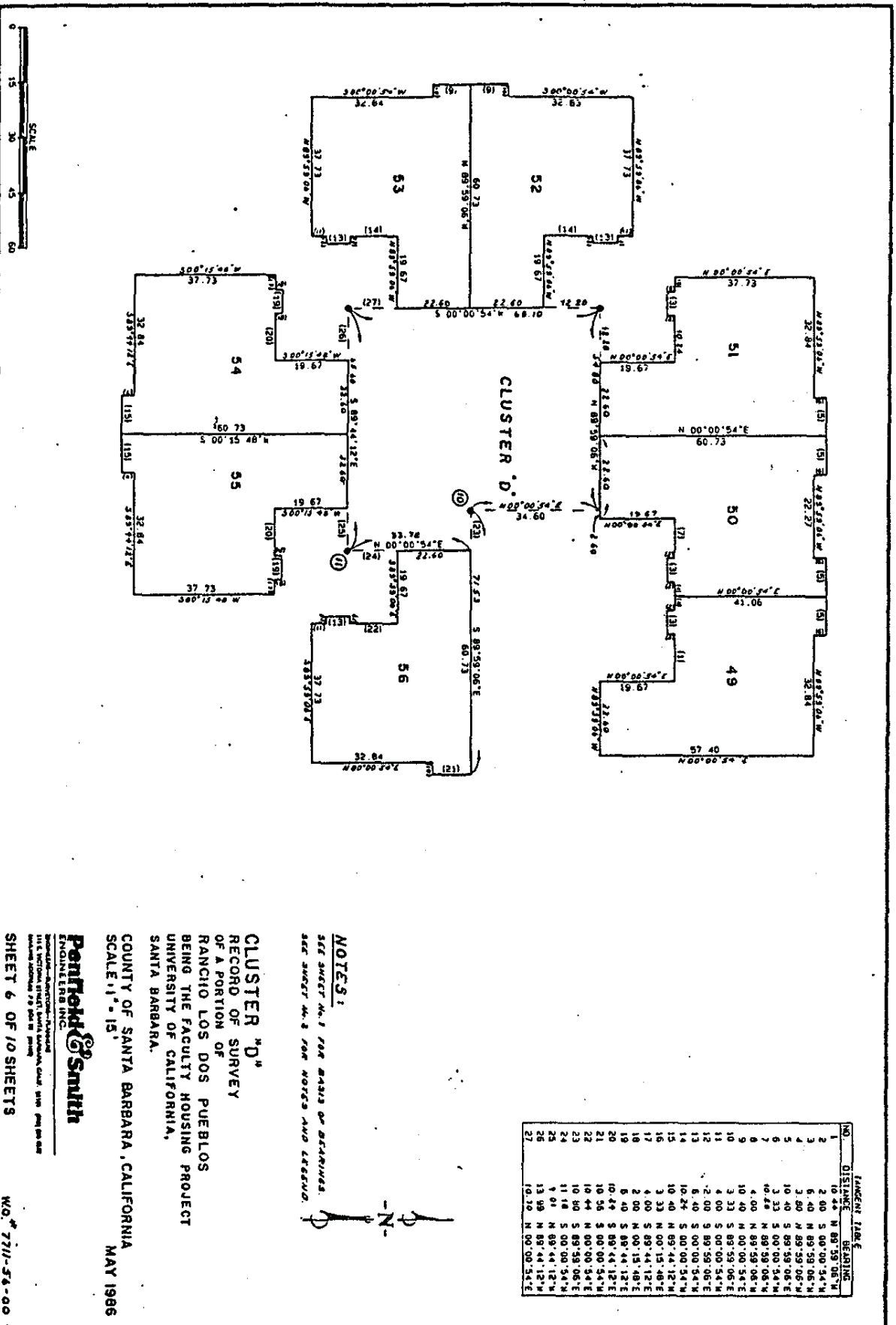
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3	6.40	S 54° 51' 48" W
4	4.00	S 54° 51' 48" W
5	3.33	N 35° 08' 11" E
6	10.57	N 54° 51' 48" E
7	4.00	S 21° 08' 11" E
8	2.00	N 54° 51' 48" E
9	10.40	S 35° 08' 11" E
10	10.40	N 35° 08' 11" E
11	10.41	N 54° 51' 48" E
12	10.41	S 54° 51' 48" W
13	10.24	N 54° 51' 48" E
14	10.24	N 35° 08' 11" E
15	7.40	S 35° 08' 11" E
16	7.40	S 54° 51' 48" W
17	8.20	S 54° 51' 48" W



NOTES:
 SET SHEET NO. 1 FOR BASIS OF SURVIVAL.
 SET SHEET NO. 2 FOR NOTES AND LEGEND.

CLUSTER "C"
 RECORD OF SURVEY
 OF A PORTION OF
 RANCHO LOS DOS PUEBLOS
 BEING THE FACULTY HOUSING PROJECT
 UNIVERSITY OF CALIFORNIA,
 SANTA BARBARA,
 COUNTY OF SANTA BARBARA, CALIFORNIA
 MAY 1986
 SCALE: 1" = 15'

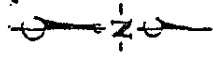
Penfield & Smith
 ENGINEERS INC.
 1115 WILSON BLVD., SANTA BARBARA, CALIF. 93101
 PHONE: (805) 965-1111
 SHEET 5 OF 10 SHEETS
 W.D. 7711-54-00



TANGENT TABLE

NO.	DISTANCE	BEARING
1	10.44	N 89° 59' 06" E
2	2.00	S 00° 00' 54" W
3	6.40	N 89° 59' 06" E
4	3.60	N 89° 59' 06" E
5	10.40	S 89° 59' 06" E
6	3.33	S 00° 00' 54" W
7	40.48	N 89° 59' 06" E
8	4.00	N 89° 59' 06" E
9	10.40	N 00° 00' 54" E
10	3.33	S 89° 59' 06" E
11	4.00	S 00° 00' 54" W
12	2.00	S 89° 59' 06" E
13	6.40	S 00° 00' 54" W
14	10.24	S 00° 00' 54" W
15	10.40	N 89° 44' 12" E
16	3.33	N 00° 15' 48" E
17	4.00	S 89° 44' 12" E
18	2.00	N 00° 15' 48" E
19	8.40	S 89° 44' 12" E
20	10.44	S 89° 44' 12" E
21	10.56	S 00° 00' 54" W
22	10.44	N 00° 00' 54" E
23	10.80	S 89° 59' 06" E
24	11.18	S 00° 00' 54" W
25	9.01	N 89° 44' 12" E
26	13.98	N 89° 44' 12" E
27	10.70	N 00° 00' 54" E

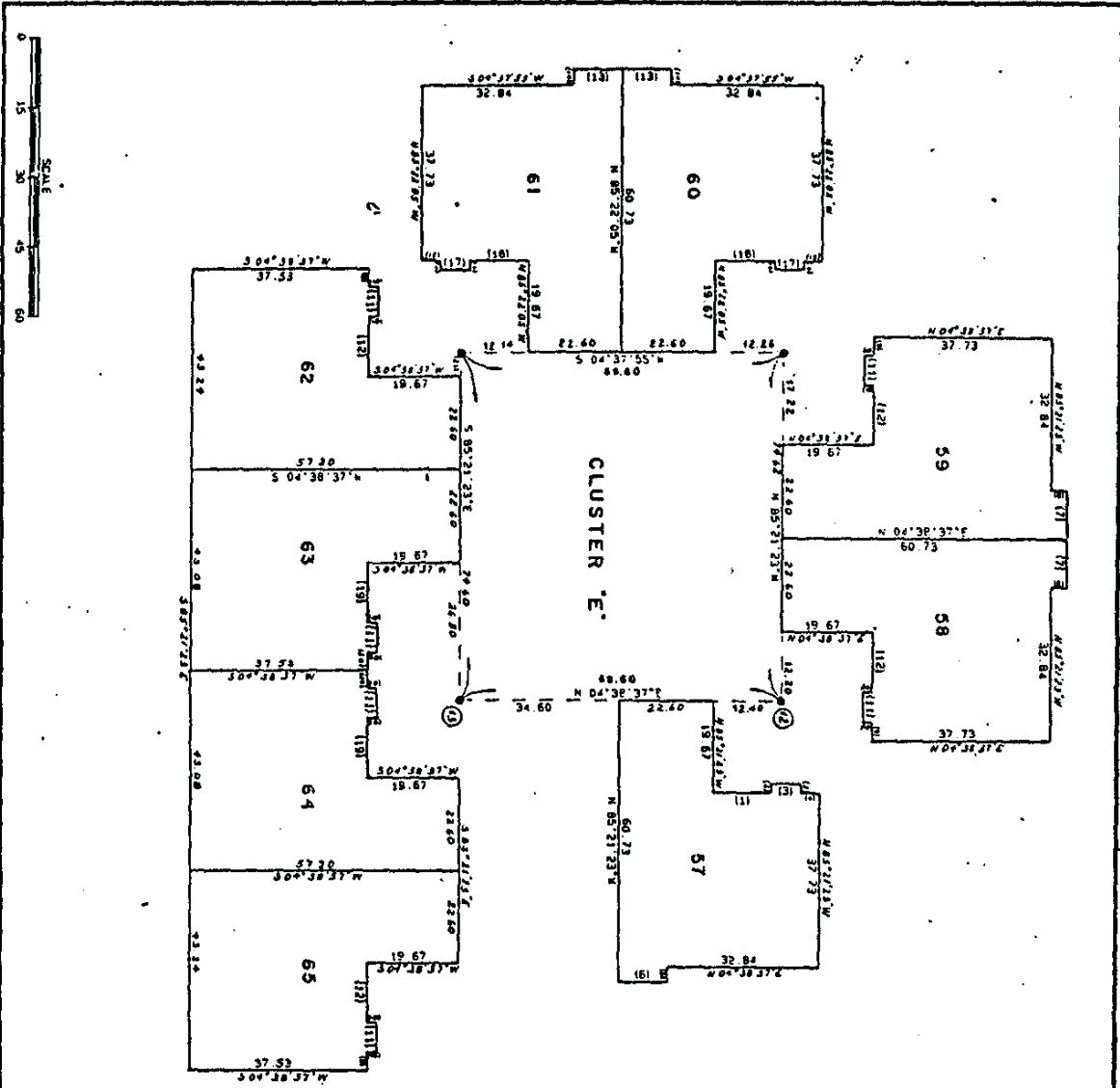
NOTES:
 SEE SHEET No. 1 FOR BASIS OF BEARINGS.
 SEE SHEET No. 2 FOR NOTES AND LEGEND.



CLUSTER "D"
 RECORD OF SURVEY
 OF A PORTION OF
 RANCHO LOS DOS PUEBLOS
 BEING THE FACULTY HOUSING PROJECT
 UNIVERSITY OF CALIFORNIA,
 SANTA BARBARA.
 COUNTY OF SANTA BARBARA, CALIFORNIA
 SCALE: 1" = 15'
 MAY 1986

Pentfield & Smith
 ENGINEERS INC.
 1000 University Avenue
 Santa Barbara, California 93101
 Telephone: (805) 963-1100

SHEET 6 OF 10 SHEETS
 WQ 7711-56-00



INTEREST TABLE

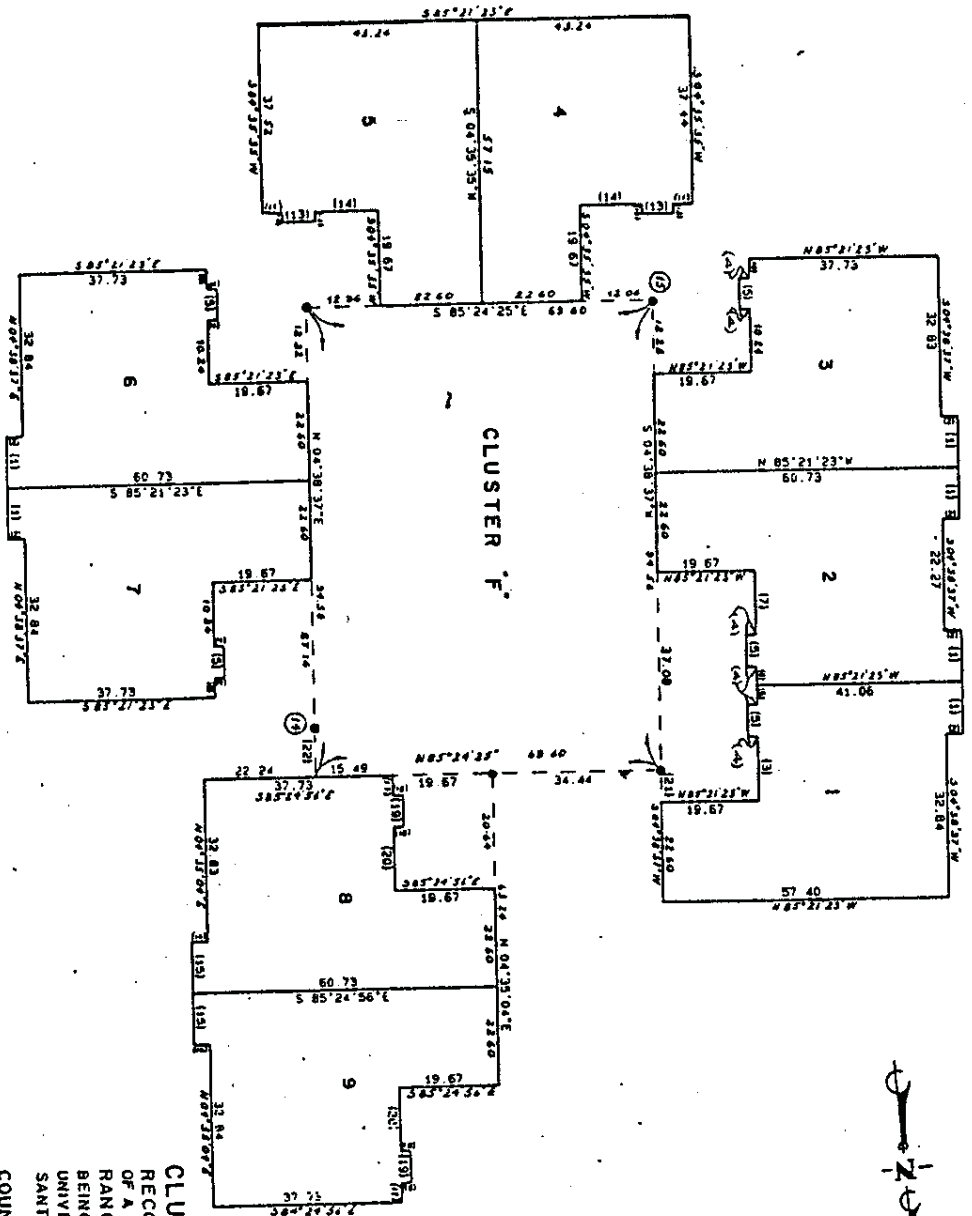
NO.	DISTANCE	BEARING
1	10.40	N 04° 38' 37" E
2	2.00	N 85° 21' 23" W
3	6.40	N 04° 38' 37" E
4	4.00	N 04° 38' 37" E
5	3.33	S 85° 21' 23" E
6	10.40	S 04° 38' 37" W
7	10.40	S 85° 21' 23" E
8	3.33	S 04° 38' 37" W
9	4.00	N 85° 21' 23" W
10	2.00	S 04° 38' 37" W
11	6.40	N 85° 21' 23" W
12	10.24	N 85° 21' 23" W
13	10.41	N 04° 31' 55" E
14	3.33	S 85° 22' 05" E
15	4.00	S 04° 37' 55" W
16	5.00	S 85° 22' 05" E
17	10.40	S 04° 31' 55" W
18	10.24	S 85° 21' 23" E
19	3.00	S 85° 21' 23" E
20	2.40	N 85° 21' 23" W
21		

NOTES:
 SEE SHEET No. 1 FOR BASIS OF MEASUREMENTS.
 SEE SHEET No. 2 FOR NOTES AND LEGEND.

CLUSTER "E"
 RECORD OF SURVEY
 OF A PORTION OF
 RANCHO LOS DOS PUEBLOS
 BEING THE FACULTY HOUSING PROJECT
 UNIVERSITY OF CALIFORNIA,
 SANTA BARBARA.
 COUNTY OF SANTA BARBARA, CALIFORNIA
 SCALE: 1" = 15'
 MAY 1986

Penfield & Smith
 ENGINEERS INC.
 1115 VICTORIA STREET SANTA BARBARA, CALIF. 93101
 PHONE: (805) 965-1234
 FAX: (805) 965-1235

SHEET 7 OF 10 SHEETS
 W.O. # 7711-53-00



LANDMENT TABLE

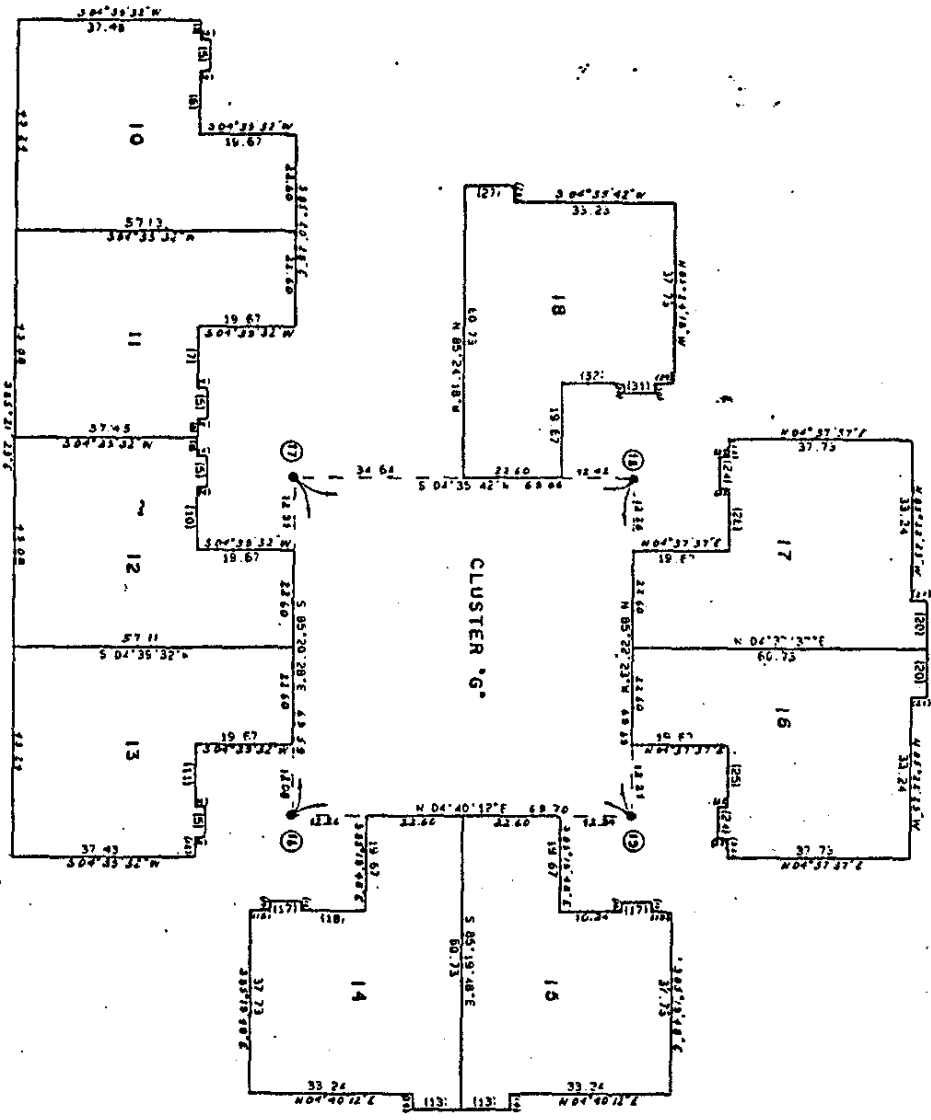
NO.	DISTANCE	BEARING
1	10.40	N 04°38'37"E
2	13.33	S 05°21'23"E
3	18.44	S 04°38'37"E
4	2.00	S 05°21'23"E
5	6.40	S 04°38'37"E
6	3.80	S 04°38'37"E
7	10.40	S 04°38'37"E
8	4.00	S 05°21'23"E
9	10.33	N 04°38'37"E
10	3.20	S 05°21'23"E
11	2.00	N 04°38'37"E
12	4.00	S 05°21'23"E
13	6.40	S 05°21'23"E
14	10.40	S 05°21'23"E
15	6.40	N 04°38'37"E
16	2.00	N 05°21'23"E
17	2.00	N 05°21'23"E
18	6.40	N 04°38'37"E
19	10.44	N 04°38'37"E
20	4.00	N 04°38'37"E
21	10.00	S 04°38'37"E
22		

NOTES:
 SEE SHEET NO. 1 FOR BASIS OF BEARINGS.
 SEE SHEET NO. 2 FOR NOTES AND LEGEND.

CLUSTER "F"
 RECORD OF SURVEY
 OF A PORTION OF
 RANCHO LOS DOS PUEBLOS
 BEING THE FACULTY HOUSING PROJECT
 UNIVERSITY OF CALIFORNIA,
 SANTA BARBARA.
 COUNTY OF SANTA BARBARA, CALIFORNIA
 MAY 1986
 SCALE 1" = 15'

Penfold & Smith
 ENGINEERS INC.
 1000 UNIVERSITY AVENUE, SUITE 1000
 SANTA BARBARA, CALIF. 93101
 PHONE (805) 964-7000
 FAX (805) 964-7001

W.O. 7711-56-00
 SHEET 8 OF 10 SHEETS



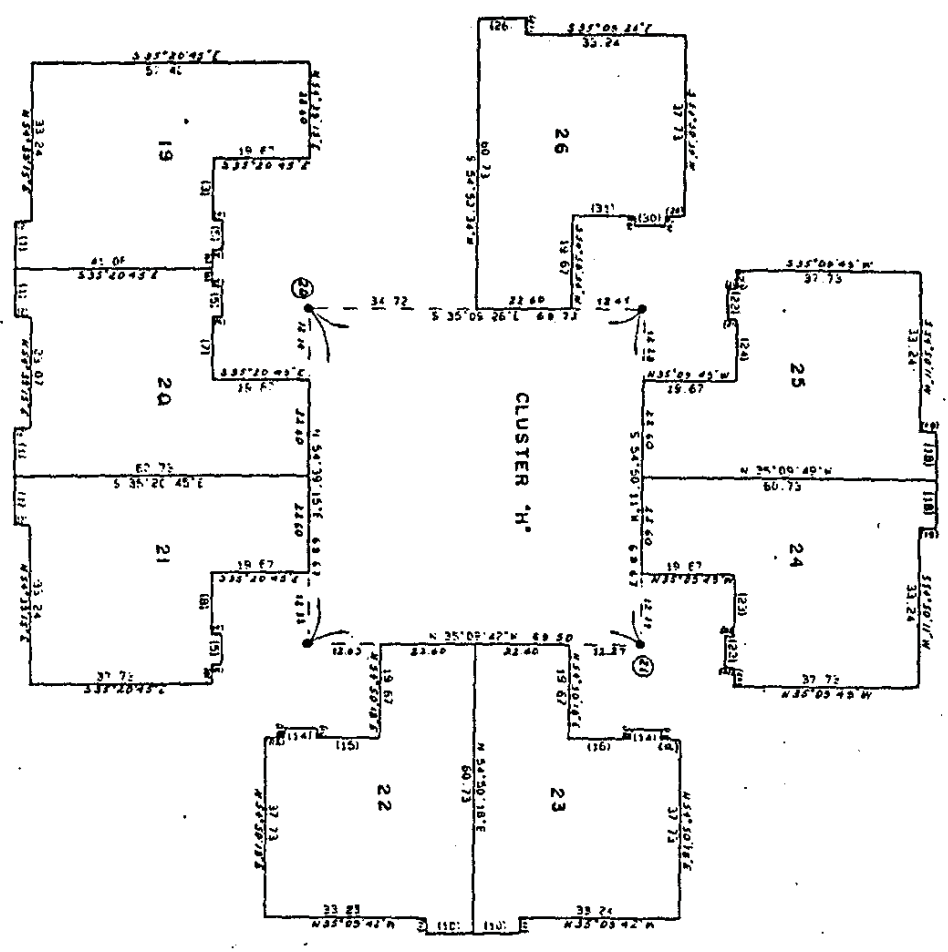
LANDMENT TABLE

NO.	DISTANCE	BEARING
1	10.00	N 85°20'28"W
2	3.33	N 04°38'32"E
3	4.00	S 85°20'28"E
4	2.00	N 04°38'32"E
5	6.40	S 85°20'28"E
6	10.40	S 85°20'28"E
7	10.40	S 85°20'28"E
8	3.84	S 85°20'28"E
9	10.40	S 85°20'28"E
10	10.40	S 85°20'28"E
11	3.98	S 04°37'37"W
12	10.00	S 04°37'37"W
13	3.33	N 05°18'48"W
14	3.98	N 04°40'12"E
15	2.00	N 04°40'12"E
16	6.40	N 04°40'12"E
17	10.40	N 04°40'12"E
18	4.00	N 04°40'12"E
19	10.00	S 85°22'23"E
20	3.11	S 04°37'37"W
21	3.98	N 85°22'23"W
22	2.00	S 04°37'37"W
23	6.40	N 85°22'23"W
24	10.40	N 85°22'23"W
25	10.40	N 85°22'23"W
26	10.40	N 85°22'23"W
27	10.17	N 04°38'42"E
28	3.33	S 85°24'18"E
29	4.00	S 04°38'42"W
30	6.40	S 85°24'18"E
31	6.40	S 04°38'42"W
32	10.40	S 04°38'42"W

NOTES:
 SET SHEET NO. 1 FOR BASIS OF BEARINGS.
 SEE SHEET NO. 2 FOR NOTES AND LEGEND.

CLUSTER "G"
 RECORD OF SURVEY
 OF A PORTION OF
 RANCHO LOS DOS PUEBLOS
 BEING THE FACULTY HOUSING PROJECT
 UNIVERSITY OF CALIFORNIA,
 SANTA BARBARA.
 COUNTY OF SANTA BARBARA, CALIFORNIA
 SCALE: 1" = 15'
 MAY 1986

Panfild & Smith
 ENGINEERS INC.
 1115 Westwood Street, Santa Barbara, Calif. 93101
 Telephone: (805) 963-1111
 SHEET 9 OF 10 SHEETS
 W.O.# 7711-51-00



NO.	DISTANCE	BEARING
1	10.00	S 94° 39' 15" W
2	3.33	N 25° 20' 43" E
3	10.42	N 54° 38' 15" E
4	2.00	N 25° 20' 43" E
5	6.40	N 54° 38' 15" E
6	3.82	N 54° 38' 15" E
7	10.22	N 25° 20' 43" E
8	10.46	N 54° 38' 15" E
9	3.95	N 25° 20' 43" E
10	10.21	S 21° 50' 46" E
11	3.02	N 35° 09' 42" W
12	2.00	S 54° 50' 18" W
13	6.40	N 35° 09' 42" W
14	10.26	N 35° 09' 42" W
15	10.27	N 35° 09' 42" W
16	3.95	N 35° 09' 42" W
17	10.01	N 54° 50' 11" E
18	3.33	S 25° 09' 45" E
19	4.00	S 54° 50' 11" W
20	2.00	S 35° 09' 45" E
21	6.40	S 54° 50' 11" W
22	10.24	S 54° 50' 11" W
23	10.24	S 54° 50' 11" W
24	3.95	S 25° 20' 43" E
25	10.17	N 25° 20' 43" E
26	3.33	N 35° 09' 42" W
27	3.50	N 54° 50' 18" E
28	2.00	N 54° 50' 18" E
29	6.40	S 35° 09' 45" E
30	10.42	S 35° 09' 45" E
31		

NOTES:
SEE SHEET NO. 1 FOR BASIS OF BEARINGS.
SEE SHEET NO. 2 FOR NOTES AND LEGEND.

CLUSTER 'H'
RECORD OF SURVEY
OF A PORTION OF
RANCHO LOS DOS PUEBLOS
BEING THE FACULTY HOUSING PROJECT
UNIVERSITY OF CALIFORNIA,
SANTA BARBARA.
COUNTY OF SANTA BARBARA, CALIFORNIA
SCALE 1" = 15'
MAY 1986

Penfield & Smith
ENGINEERS INC.

10000 Santa Barbara Street, Santa Barbara, CA 93101
Tel: (805) 963-1111
SHEET 10 OF 10 SHEETS W.O. # 7711-56-00

EXHIBIT SECOND--DESCRIPTION

OF RESIDENTIAL LOT

That certain real property in the County of Santa Barbara, State of California, being a portion of the Rancho Los Dos Pueblos, according to the patent thereof recorded in Book A, Page 323 of Patents, as shown on a Record of Survey of the Devereux School property, filed in Book 83, Page 92 of Records of Survey, records of said County, described as follows:

Lot _____ as shown on the Plat Map attached as Exhibit "A" on that certain Declaration of Covenants, Conditions and Restrictions of West Campus Point Planned Unit Development, recorded December 11, 1986 as Instrument No. 1986-081389, of Official Records of Santa Barbara County, California.

EXHIBIT FOURTH to
Residential Lot Lease

UNIVERSITY OF CALIFORNIA SANTA BARBARA

WEST CAMPUS POINT PROPERTY USE
AND MAINTENANCE REGULATIONS

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UNIVERSITY OF CALIFORNIA SANTA BARBARA

WEST CAMPUS POINT PROPERTY USE
AND MAINTENANCE REGULATIONS

By purchasing a Residence through the University of California Santa Barbara Housing Program, each Owner has made a substantial investment in, and a commitment to, the development of an academically-oriented community that will remain a pleasant and enjoyable place in which to live. The following Regulations are designed to ensure that West Campus Point remains an aesthetically pleasing and attractive community and that property within the community is not used in any way that would adversely affect the quality of community life for all Owners. Most of these Regulations are administered by an Architectural Review Board, a majority of the members of whom are appointed by the Chancellor of UCSB, although The Regents retains ultimate responsibility for enforcement of the Regulations.

ARTICLE I - DEFINITIONS

As used in these Regulations, all capitalized terms shall, unless otherwise indicated, have the same meanings as set forth in the Residential Lot Lease for your Residential Lot. In addition:

(1) "Architectural Guidelines" means the Architectural Guidelines from time to time issued or amended by the ARB as provided in Section 5.06 of these Regulations;

(2) "Architectural Review Board" or "ARB" means the Architectural Review Committee established pursuant to Article IX, Section 2 of the Declaration;

(3) "Association" means West Campus Point Homeowners Association, a California mutual benefit corporation, its successors and assigns;

(4) "Building Code" means the latest edition of the Uniform Building Code as used by the County of Santa Barbara, with such modifications, exclusions, or supplements/replacements as the ARB may, from time to time, permit or require;

(5) "Common Area" means that portion of the Property leased pursuant to the Common Area Lease by The Regents to the Association for the common use and enjoyment of the Owners. The Common Area (as of the date of lease of the first Residential Lot) consists of those areas described as lot 66, on the

description attached as Exhibit A to the Declaration, which is incorporated herein by reference;

(6) "Declaration" means the Declaration of Covenants, Conditions and Restrictions of West Campus Point Planned Unit Development (the "CC&Rs"), recorded December 11, 1986, as Instrument No. 1986081389 in the Office of the Recorder of Santa Barbara County, California;

(7) "Owner" means the lessee, whether one or more persons or entities, of a Residential Lot pursuant to a Residential Lot Lease, who owns the Residence, if any, erected on such Residential Lot;

(8) "Property" means the parcel of land, including all Residential Lots, described in Exhibit A of the Declaration;

(9) "Regents" means The Regents of the University of California;

(10) "Residence" means a residential structure or structures, including patio areas, enclosed yards, and garages located on a Residential Lot;

(11) "Residential Lot" or "Residential Lots" means any of lots 1 through 65 within the Property which are or will be improved with an attached or detached single family dwelling;

(12) "Residential Lot Lease" means any lease between The Regents as lessor and an Owner or Owners for a Residential Lot;

(13) "Rules and Regulations" or "Regulations" means these Property Use and Maintenance Regulations;

(14) "Statement of Compliance" means any Statement of Compliance issued by the ARB pursuant to the provisions of Section 2.06 of these Regulations;

(15) "Structure" means:

(i) Any thing or object the placement of which upon any Residential Lot may affect the appearance of such Residential Lot, including by way of illustration and not limitation, any building or part thereof, garage, porch, shed, greenhouse or bathhouse, coop or cage, covered or uncovered patio, swimming pool, fence, curbing, paving, wall, sign, signboard, temporary or permanent living quarters (including any house trailer), or any other temporary or permanent improvement to such Residential Lot; and

(ii) Any excavation, grading, fill, ditch, diversion dam, or other thing or device which affects or alters the natural

flow of surface waters from, upon, or across any Residential Lot, or which affects or alters the flow of any waters in any natural or artificial creek, stream, wash, or drainage channel from, upon, or across any Residential Lot;

(16) "UCSB" means the University of California Santa Barbara.

(14) "University" means the University of California.

ARTICLE II - RESTRICTIONS
RESPECTING CONSTRUCTION AND IMPROVEMENTS

Section 2.01. Submission of Plans and Specifications.

(a) No Structure shall be commenced, erected, placed, moved onto, or permitted to remain on any Residential Lot, nor shall any existing Structure upon any Residential Lot be altered in any which (i) affects the exterior appearance of any Structure or Residential Lot or (ii) affects the interior design or structural integrity of any Structure, unless plans and specifications therefor shall have been submitted to and approved in writing by the ARB. Such plans and specifications shall be in such form and shall contain such information as may be reasonably required in the Architectural Guidelines.

(b) All plans and specifications submitted pursuant to subsection (a) of this Section 2.01 shall be reviewed and accepted or rejected by the ARB in accordance with the procedures set forth in subsection (c) of Section 5.05 of these Regulations.

Section 2.02. Notices to Adjoining Owners. Although the approval of Owners holding adjoining Lots is not required as a condition of approval by the ARB of particular plans and specifications submitted to it, such adjoining Owners must be advised of the proposed work for which ARB approval is sought and be given an adequate opportunity (within the time limits described in subsection (c) of Section 5.05 of these Regulations) to file comments with the ARB with respect to such work. No application for ARB approval shall be considered complete unless accompanied by evidence, in such form as the ARB finds acceptable, that adjoining Owners have been notified concerning the pending application.

Section 2.03. Approval of Plans and Specifications. Upon approval by the ARB of any plans and specifications submitted pursuant to these Regulations, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the ARB, and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Residential Lot or Structure of any plans and

specifications shall not be deemed a waiver of the ARB's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features, or elements are subsequently submitted for use in connection with any other Residential Lot or Structure. Approval of any such plans and specifications relating to any parcel or Structure, however, shall be final as to that Residential Lot or Structure and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

Section 2.04. Disapproval of Plans and Specifications.

(a) Subject to the provisions of subsection (b) of this Section 2.04, the ARB shall have the right to disapprove any plans and specifications submitted pursuant to these Regulations because of any of the following:

(i) The failure to include information in such plans and specifications as may have been reasonably requested;

(ii) The failure of such plans and specifications to comply with the Building Code, these Regulations, or the Architectural Guidelines; or

(iii) Any other matter which, in the judgment of the ARB, would be likely to cause the proposed installation, construction, or alteration of a Structure (A) to fail to be in harmony of external design and general quality with the existing Structures on the Property or (B) as to location to be incompatible with topography, finished ground elevation, and surrounding Structures.

(b) All plans and specifications submitted for review by the ARB are also subject to review and approval by the Chancellor of UCSB. The Chancellor is not required to abide by the determination of the ARB. Accordingly, the ARB shall have the right to disapprove any plans and specifications submitted pursuant to these Regulations if such plans and specifications are disapproved by the Chancellor, regardless of the reasons for such disapproval by the Chancellor. There is no right to appeal to the Chancellor with respect to determinations of the ARB, appeals in such circumstances being governed exclusively by the provisions of Section 5.05(d) of these Regulations.

(c) In any case in which the ARB shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based. In any such case the ARB shall, if requested, make reasonable efforts to assist and

advise the applicant in order that an acceptable proposal may be prepared and submitted for approval.

Section 2.05. Inspection Rights. To ascertain whether the installation, construction, alteration, or required maintenance of any Structure is in compliance with the provisions of these Regulations, as well as with any approvals or conditional approvals of the ARB, any employee or agent of the ARB may, after reasonable notice to the Owner concerned and at any reasonable time, enter upon any Residential Lot (but not the interior of any housing unit). Neither the ARB, The Regents, nor any employee or agent of The Regents shall be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided that such inspection is carried out in accordance with the terms of this Section 2.05.

Section 2.06. Statement of Compliance.

(a) Upon completion of the installation, construction, or alteration of any Structure in accordance with plans and specifications approved by the ARB, the ARB shall, upon written request of the Owner owning such Structure or upon the ARB's own initiative, issue a Statement of Compliance, identifying such Structure and the Residential Lot upon which such Structure is placed, and stating that the plans and specifications have been approved and that such Structure complies with such plans and specifications. A copy of said Statement of Compliance shall be filed for permanent record with the plans and specifications on file with the ARB.

(b) Any Statement of Compliance issued in accordance with the provisions of this Section 2.06 shall be prima facie evidence of the facts therein stated; and as to any purchaser or encumbrancer in good faith and for value, or as to any title insurer, such Statement of Compliance shall be conclusive evidence that all Structures on the Residential Lot comply with all the requirements of this Article II, provided that the Statement of Compliance shall in no way be construed to certify the acceptability, sufficiency, or approval by the ARB of the actual construction of Structures or of the workmanship pertaining thereto, or to represent or warrant to anyone the quality, function, or operation of the Structures or of any construction, workmanship, engineering, materials, or equipment related thereto.

Section 2.07. Fees. The ARB may impose and collect reasonable and appropriate fees from each applicant seeking its approval pursuant to the provisions of these Regulations to cover the ARB's costs of operation, including but not limited to (i) the cost of examination of any plans and specifications submitted for approval pursuant to these Regulations, (ii) the cost of inspections or tests performed pursuant to Section 2.05 of these Regulations, and (iii) reimbursements to members of the

ARB pursuant to Section 5.03 of these Regulations. Such fees shall be established from time to time by the ARB and published in the Architectural Guidelines.

ARTICLE III - RESTRICTIONS
RESPECTING USE AND MAINTENANCE

All restrictions set forth in this Article should be in addition to and not a replacement of any other restrictions in the CC&Rs which may be applicable to an Owner. In the case of a conflict between these Regulations and the CC&Rs, the CC&Rs shall control.

Section 3.01. Conformity to Building Code.

(a) Except to the extent expressly waived by the ARB, no construction may be undertaken and no Structure may be erected on any Residential Lot unless such construction and Structure conform to the requirements of the Building Code.

(b) To ensure compliance with the Building Code, all Structures on the Property and all work related thereto shall be subject to plan checks, inspections and tests by the County of Santa Barbara, or by such other persons or entities as the ARB may designate, such plan checks, inspections and tests shall be paid for by the Owner concerned.

Section 3.02. Business Usage Prohibited. No Residential Lot or Residence shall be used except for residential purposes. No part of any Residence shall be used except for residential purposes. No part of any Residence shall ever be used or allowed, authorized or caused to be used in any way, directly or indirectly, for any business, commercial, manufacturing, merchantable, storage, or other nonresidential purpose, except for professional or academic endeavors not requiring the continuing presence of any employee or business invitee.

Section 3.03. Solid Waste.

(a) No person shall dump or burn rubbish, garbage or any other form of solid waste on any Residential Lot or the Common Area.

(b) Except for building materials employed during the course of construction of any Structure approved by the ARB, no lumber, metals, bulk materials, or solid waste of any kind shall be kept, stored or allowed to accumulate on any Residential Lot or the Common Area unless such item is screened from view or otherwise handled in a manner approved by the ARB.

(c) Each Owner shall arrange for the regular removal of rubbish, garbage or other form of solid waste from his or her

Residence or Residential Lot and shall ensure that all refuse, containers, wood piles and storage areas shall be obscured from the view of adjoining residences and streets by a fence or appropriate screen approved by the ARB. If rubbish, garbage or other form of solid waste is to be disposed of by a regular collection, containers may be placed in the open on any day that a pickup is to be made, in order to provide access to persons making such pickup. The ARB may make further guidelines relating to the type of containers permitted, the manner of storage, and the place of pickup.

Section 3.04. Offensive Activities. No Owner will use or permit any Residential Lot or Residence to be used in a way which creates a nuisance or which interferes with the quiet enjoyment of other Owners, nor shall an Owner permit anything to be done or kept in or on his or her Residential Lot or in the Common Area which will increase the rate of insurance thereon or will obstruct or interfere with the rights of other Owners, their families, guests or invitees, nor annoy them by unreasonable noises, vibrations, bright or flashing lights, or otherwise.

Section 3.05. Children. Each Owner shall be accountable to the remaining Owners, their families, visitors, guests and invitees for the conduct and behavior of his or her children and any other children residing and/or visiting his or her Residence.

Section 3.06. Pets and Animals. No animals, including birds, insects and reptiles other than two usual and ordinary pets (exclusive of tropical fish but including caged birds) shall be permitted on any Residential Lot or in any Structure located thereon. No such animal shall be allowed to become a nuisance and such pets shall not be allowed in the Common Area except as permitted by the Association. Each Owner shall be absolutely liable to each and all remaining Owners, their families, visitors, guests and invitees for any damage to person or property caused by any pet of an Owner or his or her family, guests, invitees or tenants. No Structure for the care, housing or confinement of any animal shall be constructed or altered on any Residential Lot unless plans and specifications for said Structure have been approved by the ARB.

Section 3.06. Signs.

(a) No signs whatsoever (including but not limited to commercial and similar signs) shall, without the ARB's prior written approval therefor, be installed, altered or maintained on any Residential Lot, or in any portion of any Structure visible from the exterior thereof, except:

(i) Such signs as may be required by legal proceedings;

(ii) A single "For-Sale" sign not larger than is reasonable and customary in the area; and

(iii) Directional signs for vehicular or pedestrian safety in accordance with plans and specifications approved by the ARB.

(b) During construction of any Structure, no more than one job identification sign shall be erected, and no "Sold" sign shall be installed or maintained on any Residential Lot or Structure.

(c) Exterior graphics which are incorporated into the design of any Structure shall require the prior written approval of the ARB.

Section 3.08. Setbacks. In approving plans and specifications for any proposed Structure, the ARB may establish setbacks for the location of the Structure. No Structure shall be erected or placed on any Residential Lot unless its location is consistent with such setbacks.

Section 3.09. Fences and Screens. No fences, awnings, ornamental screens, sunshades or walls of any nature shall be erected or maintained on or around any portion of a Residential Lot or Structure except those that are installed in accordance with plans and specifications which have received the prior written approval of the ARB.

Section 3.10. Drainage and Erosion Control.

(a) All water drainage and runoff from any Structure on a Residential Lot shall drain or flow only into adjacent streets or designated drainage areas and shall not be allowed to drain or flow upon, across or under, any other portion of the Property unless an easement for such purpose has been granted.

(b) No activity which may create erosion or siltation problems shall be undertaken on any Residential Lot without the prior written approval of the ARB of plans and specifications for the prevention and control of such erosion or siltation. The ARB may, as a condition of approval of such plans and specifications, require the use of certain means of preventing or controlling such erosion or siltation, including, without limitation, physical devices for controlling runoff and drainage of water, special precautions in grading or otherwise changing the natural landscape, and required landscaping as provided in Section 3.11 of these Regulations.

Section 3.11. Landscaping. No construction or alteration of any Structure or any portion of the Common Area shall be undertaken without the prior written approval by the ARB of plans

and specifications for the landscaping and soil improvement to accompany such construction or alteration.

Section 3.12. Trees. No Owner shall cut, trim, prune, remove, replace or otherwise alter or affect the appearance or location of any tree, plant or other vegetation located in any portion of the Common Area without the prior written consent of the ARB. Except for trees planted by an Owner wishing to remove the same, and except as expressly permitted by the ARB, no tree having a diameter of six inches or more (measured from a point two feet above ground level) shall be removed from any Residential Lot unless such removal is in conformity with approved landscaping plans and specifications submitted pursuant to the provisions of Section 3.11 of these Regulations. The ARB may recover, on behalf of the Association or The Regents, from any Owner violating this Section the cost of restoring and replacing any such tree.

Section 3.13. Chemical Fertilizers, Herbicides and Pesticides. No chemical fertilizers, herbicides or pesticides shall be used on any part of the Property, except for products which are available for consumer use through retail sources, or approved by the appropriate federal, state and local government agencies, and are used in conformity with the manufacturer's directions and for the purposes approved by such governmental agencies.

Section 3.14. Antenna and Other Equipment. No television or radio poles, antenna, satellite transmission or reception equipment, flagpoles, air conditioning or heating units, clothesline or external fixtures, other than those installed by The Regents or approved by the ARB and any replacements thereto shall be constructed, erected or maintained on or within any part of the Property. Each Owner shall have the right to maintain television or radio antennae within enclosed or completely screened portions of his or her Residence. The location of common antennae or connection facilities for cable television shall be solely as designated by the ARB.

Section 3.15. Parking, Storage and Repair of Vehicles.

(a) The ARB shall have the right to regulate overnight parking of motor vehicles on streets within the Property, as well as the parking or storage of any boat, trailer, recreational vehicle, camper, motorhome, truck, commercial vehicle or any other vehicle too large to fit in a normal residential garage. No such vehicle shall be used as a living area while located within the Property. Such a vehicle may not be stored within the Property unless it is the Owner's principal means of transportation.

(b) No vehicle repairs other than oil changes, minor tune-ups or simple repairs that could be completed within one or

two hours shall be commenced upon any driveway, parking area or other visible place within the Property. No waste fluids, parts or other materials shall be dumped or drained on or into any part of the Property. No vehicle that is not in good working order shall remain for more than seventy-two (72) hours on any part of the Common Area, parking areas or driveways.

Section 3.16. Mailboxes. No exterior mailbox or other receptacle for the delivery or dispatch of mail, packages, newspapers, periodicals or similar matter shall be constructed or altered upon any Residence or Residential Lot without the prior written approval of the ARB.

Section 3.17. Outside Storage. No Owner shall park or store machinery, equipment, baby carriages, playpens, bicycles, wagons, benches or chairs on any part of the Common Area or on any Residential Lot unless screened by enclosures, fences or other devices in a manner approved by the ARB. Such personal property may be used for its ordinary purpose in the Common Area or on a Residential Lot, and it may be stored in storage areas, if any, as may designated by the Association or the ARB for that purpose.

Section 3.18. Exterior Lighting. Erection or alteration of any exterior lighting on any Residential Lot or Structure shall be subject to the prior written approval of the ARB of plans and specifications for such lighting, including the design, location and direction thereof.

Section 3.19. Poles and Wires. All wires for the transmission of electricity, telephone messages, cable television or the like shall be installed below the surface of the ground and no poles and above ground wires therefor shall be installed on any Residential Lot or any Structure or except on a temporary basis as approved by the ARB.

Section 3.20. Window Coverings. Windows in any Structure on any Residential Lot may be covered only by drapes, shades, blinds or shutters and may not be painted or covered by aluminum foil, cardboard or any other material not approved by the ARB.

Section 3.21. Pests. No Owner shall permit any condition to exist on his or her Residential Lot which shall induce, breed, or harbor infectious plant diseases or noxious insects or vermin.

Section 3.22. Alterations. No Owner shall make any alterations or modifications to any portion of the Common Area, nor shall any Owner make any alterations or modification to the exterior of any Structure or to any fence, railing or wall situated upon a Residential Lot without the prior written consent of the ARB. Any structural, plumbing or electrical modification, alteration or addition to or of a Structure shall require the prior written consent of the ARB.

Section 3.23. Maintenance. Except as provided in the CC&Rs with respect to maintenance by the Association and with respect to party wall repairs, each Owner shall be responsible for maintaining the Structures comprising his or her Residence, including the equipment and fixtures in the Structure, and its walls, attics, roof, ceilings and doors in a clean, sanitary, workable and attractive condition. Each Owner shall also be responsible for maintenance, repair, and replacement as needed of all plumbing, electrical, heating, air conditioning and gas lines, conduits, apparatus and equipment within his or her Residence and for repair, replacement and cleaning as needed of the windows and glass of his or her Residence.

ARTICLE IV - PARTY WALLS AND COMMON ROOF AREAS

All matters or disputes involving a wall which is built as part of the original construction of a Structure and which is on the dividing line between two Lots under different ownership ("Party Wall"), or each roof area which covers portions of one Structure located on two or more Lots under different ownership ("Common Roof Area") shall be governed first by Article VII, section 3 of the CC&Rs and to the extent not inconsistent therewith by the general rules of California law regarding party walls and common roof areas.

ARTICLE V - ARCHITECTURAL REVIEW BOARD

Section 5.01. Establishment and Composition.

(a) No later than the time of the sale of the first Residence, the University is required under the CC&Rs to appoint an Architectural Review Board for the purpose of performing the architectural review and other functions assigned to the ARB in these Regulations. At the University's option, the ARB may be organized as a California nonprofit public benefit corporation.

(b) The ARB shall consist of either three (3) or five (5) members, all of whom shall be appointed by the Chancellor of UCSB, provided that, prior to one (1) year after the first sale of a Residence, at least a majority of the members of the ARB may be appointed by the Chancellor of UCSB and the remaining members of whom may be appointed by the Association.

(c) All members of the ARB shall be appointed or elected for terms of two (2) years and those appointed by the Chancellor of UCSB may be removed by the University at any time for any reason or no reason. An ARB member appointed by the Association may be removed only for cause. ARB members may be appointed to serve successive terms.

Section 5.02. Vacancies. If any vacancy shall occur in the membership of the ARB by reason of death, resignation, removal, or otherwise, the remaining members shall continue to act and shall within thirty (30) days after such vacancy occurs, unless the Chancellor of UCSB or the Association shall designate a successor for a member appointed by such body, appoint a successor member to fill the balance of the unexpired term. Any member may resign at any time by written notice to the Chancellor of UCSB, and such resignation shall take effect upon receipt thereof by the Chancellor unless the notice specifies some other effective date.

Section 5.03. Officers and Compensation.

(a) The members of the ARB shall appoint a Chairman from among their number.

(b) The members of the ARB shall serve without compensation, provided that The Regents may reimburse the members for reasonable out-of-pocket expenses incurred in the performance of their duties as members to the extent that such expenses are not reimbursed by the ARB from the fees charged for its services pursuant to Section 2.07 of these Regulations.

Section 5.04. Conflicts of Interest. No member of the ARB may participate in any decision of the ARB on a matter in which he has a direct or indirect financial or professional interest, or on a matter in which he or any firm with which he is associated has provided professional consultative services for a fee to any party whose application is before the ARB, provided that if two (2) or more members may not participate in the making of a decision because of disqualification as provided herein, The Regents or the Association, as the case may require, shall name a substitute member to act only on the matter resulting in the disqualification. For a period of one (1) year after his service on the ARB, no former member may represent any person before the ARB where that former member has previously participated in decisions affecting such person. Each member of the ARB shall inform the ARB in writing of any direct or indirect financial or familial relationship which he may have with any applicant within the Property or with such applicant's builder or architect. Such disclosure shall be made within fifteen (15) days of any action by an applicant which makes the disclosure relevant.

Section 5.05. Operations of the ARB.

(a) The ARB shall maintain both a record of votes and minutes for each of its meetings. The ARB shall routinely forward copies of such records and minutes to The Regents and the Association and shall, additionally, make them available at reasonable places and times for inspection by each Owner.

(b) In carrying out its functions under these Regulations, the ARB shall be governed by the Architectural Guidelines described in Section 5.06 of these Regulations. In applying such Architectural Guidelines, the ARB shall, as required, make findings, determinations, rulings, and orders with respect to the conformity with such Guidelines of plans and specifications submitted for approval to the ARB pursuant to the provisions of these Regulations. The ARB shall, as required, issue permits, authorizations, or approvals, which may include specified requirements or conditions, pursuant to the provisions of these Regulations.

(c) The decision of a majority of the members of the ARB with respect to any application or request pending before the ARB shall be final and binding upon the person making such request or application. The ARB shall be required to render decisions on matters pending before it within forty-five (45) days after the receipt by the ARB of a request or application submitted by an Owner or prospective Owner, which request or application is complete in all respects under the requirements of these Regulations and the Architectural Guidelines. If the ARB fails to act upon any request or application within the above-stated time period, such request or application shall be deemed approved.

(d) If an Owner receives a decision of the ARB which he or she deems to be unsatisfactory, the Owner may petition the Chancellor of UCSB for review of such decision. The Chancellor may, but shall not be obligated to appoint one or more persons as a committee of review. If such a committee is appointed, it will conduct a hearing at which the Owner and the ARB may present their respective positions. The committee will render its decision within (5) five business days of the hearing; failure to render a decision within such period will be deemed to be an affirmation of the decision of the ARB. The decision of the review committee shall be final and binding with respect to any issue accepted for review. If the Chancellor fails to accept a matter for review within 60 days after receiving a request from an Owner, the decision of the ARB shall be final and binding.

(e) The ARB may, from time to time, prepare and recommend for approval to the Chancellor of UCSB amendments to the Architectural Guidelines which the ARB believes necessary or desirable to implement the provisions of these Regulations.

Section 5.06. Architectural Guidelines.

(a) The Chancellor of UCSB has the right to approve and adopt and may, from time to time upon recommendation of the ARB or in his or her own discretion, amend Architectural Guidelines for the purpose of:

(i) Governing the form and content of plans and specifications to be submitted for approval pursuant to the provisions of these Regulations;

(ii) Governing the procedure for such submission of plans and specifications; and

(iii) Establishing guidelines with respect to the approval and disapproval of design features, architectural styles, exterior colors and materials, details of construction, location and size of Structures, and all other matters that require approval by the ARB pursuant to these Regulations.

(b) Subject to the provisions of Section 2.04 of these Regulations, the Architectural Guidelines, as approved or amended by the Chancellor of UCSB, shall be binding upon the ARB and shall be used by the ARB in making decisions as described in subsection (b) of Section 5.05 of these Regulations. The ARB shall make a published copy of the current Architectural Guidelines readily available to all applicants seeking the ARB's approval and to each Owner.

ARTICLE VI - ENFORCEMENT

Section 6.01. Right of Enforcement. The Chancellor of UCSB, and The Regents, acting upon the recommendation of the ARB, shall have the right to enforce the provisions of these Regulations by appropriate judicial proceedings, including actions for damages, injunction, or specific performance, as well as any other relief to which The Regents may be entitled at law or in equity. Such right of enforcement shall be in addition and supplemental to any right which The Regents may have to declare an Owner in default under the Residential Lot Lease as a result of the Owner's violation of the provisions of these Regulations.

Section 6.02. No Waiver. The failure of The Regents or the ARB to enforce any provision of these Regulations in one or more instances shall not be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

Section 6.03. Right of Abatement.

(a) In the event of a violation or breach of any provision of these Regulations, the ARB may give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of such written notice, then The Regents, acting on the

recommendation of the ARB, shall have the right of abatement in subsection (b) of this Section 6.03.

(b) The right of abatement, as used in this Section 6.03, means the right of The Regents, through its agents and employees, to enter at reasonable times upon any Residential Lot or Structure, as to which a violation, breach, or other condition to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach, or other condition which may exist thereon contrary to the provisions of these Regulations, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions; provided that such entry and such actions are carried out in accordance with the provisions of this Section 6.03.

(c) All reasonable costs incurred by the ARB or The Regents in exercising its right of abatement as provided in this Section 6.03 shall be chargeable to the Owner with respect to whose Residential Lot such actions in abatement are taken, and failure to pay when due such charges shall be regarded as a breach of the Residential Lot Lease. Such charges shall be due and payable thirty (30) days after a statement therefor has been rendered by The Regents to the Owner unless The Regents in its sole discretion, agrees to a more extended repayment period.

ARTICLE VII - AMENDMENTS AND CONFLICTS

Section 7.01. Amendments. These Regulations may be amended by The Regents only after (i) delivery to all Owners of an amendment prepared by The Regents in a written notice, and (ii) after expiration of thirty (30) days from the date of delivery of such notice, during which period any Owner and/or the Association may provide written comments to The Regents regarding the proposed amendment. For purposes of this Article VII, the term "Owner" shall be deemed to include any lawful successor or assignee of an Owner, including without limitation any lender.

Section 7.02. Conflicts. In the event of any conflict between the provisions of these Regulations and the provisions of the Architectural Guidelines, the provisions of these Regulations shall govern. In the event of any conflict between the provisions of these Regulations or the Architectural Guidelines and the provisions of the Residential Lot Lease or the CC&Rs, the provisions of the Residential Lot Lease or the CC&Rs shall govern.

SUPPLEMENT TO
WEST CAMPUS POINT
PROPERTY USE AND
MAINTENANCE REGULATIONS

UNIVERSITY OF CALIFORNIA SANTA BARBARA
West Campus Point Architectural Guidelines

9/3/86

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UNIVERSITY OF CALIFORNIA SANTA BARBARA

West Campus Point Architectural Guidelines

As provided in the West Campus Point Property Use and Maintenance Regulations (the "Regulations"), the Chancellor of the University of California Santa Barbara ("UCSB") has approved the following Architectural Guidelines. These Guidelines are intended to assist homeowners wishing to make improvements to their property to conform to the requirements of the Regulations and to prepare submissions for the Architectural Review Board (the "ARB") which can be approved without undue delay or the requirement of substantial changes. These Guidelines are designed to implement the more general requirements of the Regulations. They do not, however, in any sense supersede the provisions of the Regulations. Also, since these Guidelines (unlike the Regulations) are subject to change by the Chancellor of UCSB at any time, you should check with the ARB to be sure that you have the current edition of the Guidelines before undertaking any project covered by the provisions of this document.

I. GENERAL PURPOSE

As in the case of the Regulations, the general purpose of these Guidelines is to ensure that West Campus Point remains an aesthetically pleasing and attractive community for all of its residents by assuring that all buildings and other structures erected within the project will be complementary to the basic architectural character of the overall project design. By establishing these Guidelines, UCSB hopes to assure a continuity of concept and design that will preserve the quality of community life for all residents and enhance the value of the investment which each homeowner has made in West Campus Point.

The ARB is established for the purpose of performing the architectural review of proposed construction and alterations to Structures and Leasehold Property within West Campus Point. The ARB consists of either three (3) or five (5) members, at least a majority of whom are appointed by the Chancellor of UCSB; the remaining members may be appointed by the Homeowners Association.

By promulgating these Guidelines, it is not the intent to unreasonably discourage improvements to the dwelling units and the Common Area. However, it is necessary that some basic requirements be imposed if the overall architectural character of West Campus Point is to be preserved. As you plan your specific improvement project, you are urged to contact the Chairperson of the ARB to clarify any questions which you may have concerning these requirements. The ARB stands ready to provide whatever assistance it reasonably can to help you achieve your objectives in a manner that is consistent with the interests of the overall community.

II. SUBMITTAL PROCEDURE AND REQUIREMENTS

As provided in Article II of the Regulations, no construction or improvements may be undertaken on any Structure or Leasehold Property within West Campus Point without the prior approval by the ARB of the plans and specifications for such work. Similarly, no landscaping work may be undertaken without ARB approval of a landscaping plan. The procedures for obtaining such approvals are described below.

A. Plans and Specifications

An application package must be submitted to the ARB for every proposed work project that (i) affects the exterior appearance of any Structure or Leasehold Property or (ii) affects the interior design or structural integrity of any Structure.

1. Each application package must contain (as appropriate):
 - a. An ARB Property Improvement Application (available from the ARB Chairperson);
 - b. A site plan showing the location of all proposed and existing Structures on the Leasehold Property, proposed drainage plan, easements, location of existing trees, such trees the owner proposes to remove and the location of proposed utility installations;
 - c. Working drawings and construction specifications;
 - d. Exterior elevations of all proposed Structures and alterations to existing Structures;
 - e. Specifications of materials, color scheme, lighting scheme, and other details affecting the exterior appearance of all proposed Structures and alterations to existing Structures;
 - f. Plans for landscaping and grading.
 - g. The proposed construction schedule, including the period of time during the day when construction work is to take place;
 - h. The number and type of construction vehicles to be involved during the period of proposed construction and a plan for the provision of parking for such vehicles.

2. The application package should be submitted to the ARB Chairperson. Two (2) complete sets of all plans required for each submission. As provided in Article II, Section 2.07 of the Regulations, you may also be required to pay an application fee at the time of submission. Costs which may be incurred by UCSB or the ARB in pursuing various remedies available under the Regulations, or the Residential Lot Lease (including the costs associated with the required removal of any unauthorized structure) may be separately assessed against a homeowner violating the provisions of the Regulations and Guidelines.

3. Plans should, insofar as applicable, be prepared in accordance with the Building Code (as defined in the Regulations) and other applicable codes, and with clarity and completeness. For work requiring variances from the provisions of the Regulations or these Guidelines, it is recommended that plans be submitted at the preliminary drawing stage for a preliminary review by the ARB. This could save you money should major revisions to the plans be required.

4. As required by the Regulations, each application package must be accompanied by written evidence that any homeowners holding adjoining Residential Lots have been informed of the proposed work for which ARB approval is sought. (The ARB Property Improvement Application will set out more specifically the form of written evidence required.)

5. If the proposed construction work will require the use of the Common Area, whether for purposes of transporting materials or the temporary storage of materials or otherwise, the application package to the ARB must be accompanied by a letter from the Association granting permission for such "right of entry" during the course of construction. (Such a letter can be requested from the President of the Association.) In such cases, as deemed necessary by UCSB or the ARB, a security deposit or bond may be required from the contractor to assure that any damage to the Common Area property will be restored. If the proposed construction work will involve any encroachment on any adjoining Residential Lot, it will be necessary for you to enter into an agreement with the homeowner(s) of such adjoining Residential Lot respecting the use of such property, arrangements for indemnification, and the like.

6. Under the Regulations, the ARB is obliged to act on your application within forty-five (45) days following the submission of a complete application package. If the ARB fails to make a decision within such period, your

application is deemed to be approved. If the ARB disapproves your application, you may petition the Chancellor of UCSB for review as provided in Section 5.05(d) of the Regulations.

7. If your application is approved, one (1) set of approved plans, bearing an ARB approval stamp, will be returned to you. The second set will be retained in the ARB files. At the same time, you will be given an ARB permit which must be prominently displayed on the construction site until the work is completed.

8. A full and complete set of "as built" drawings must be submitted to the ARB no later than sixty (60) days following completion of construction. Upon written request of the homeowner, the ARB shall issue a Statement of Compliance stating that the completed work complies with the ARB approved plans and specifications.

B. Timing of Approved Construction

All work undertaken pursuant to ARB-approved plans and specifications shall be pursued diligently and shall be completed within one hundred eighty (180) days of the date of such approval. If the scope of such work warrants a more extended completion period, the ARB may grant such extensions as are necessary. If construction pursuant to approved plans and specifications is not commenced within ninety (90) days of ARB approval, a new application package may be required to be submitted.

III. ARCHITECTURAL STANDARDS

Diversity and innovation in architectural design will be encouraged in West Campus Point as long as it is complementary to the overall character of the Development and the general campus community.

In developing architectural designs that both express the owner's individuality and taste and contribute to the preservation of West Campus Point as an architecturally attractive community, it is important to consider the stylistic elements that constitute the design. Forms, colors, and materials should be derived from those present in the Development and should be used in a way that does not result in too great a mixture of forms, colors, or materials on any Structure or surface.

A. Height Restrictions

Without specific approval of the ARB, no building or Structure erected on any Leasehold Property (including any additions or improvements thereto) may exceed the height restrictions for the dwelling unit constructed on such Leasehold Property, as set forth in the approved plans and specifications for the West Campus Point Planned Unit Development.

B. Materials and Colors

1. Colors and materials used for Structures in West Campus Point should conform to those set forth in the approved plans and specifications for the Development. Alternative uses of materials and colors will be subject to ARB review and approval.

2. Exterior painting of any dwelling unit or other Structure must be approved in advance by the ARB unless the repainting is of the same color as previously approved by the ARB.

C. Accessory Structures

1. Structural or material additions or alterations to the exterior of any building or other Structure must generally conform to the materials, colors, character, and detailing of the existing building or Structure.

2. Additions of rooms or balconies to existing buildings will not be permitted.

3. All patio structures, sunshades, arbors, trellises, gazebos, atriiums, and other accessory structures shall conform to the following requirements:

a. All such Structures shall be consistent with the architectural character of the dwelling unit to which they are attached or adjacent.

b. All such Structures, including their roofs, shall be constructed of materials compatible with those used in the dwelling unit to which they are attached or adjacent.

c. All such Structures shall be stained or painted so as to match the color of the dwelling unit to which they are attached or adjacent.

D. Mechanical Equipment

1. Installation of all mechanical equipment, including but not limited to air conditioning and spa equipment and water softeners shall require specific ARB approval.
2. Drawings of such equipment must indicate the location of the equipment and, if it is exposed to view, the proposed method for screening.

E. Drainage and Fill

1. The original course of surface water flow shall not be disturbed or altered.
2. Gutters, downspouts and scuppers must be primed and painted to match the color of adjacent surfaces.

F. Landscaping and Related Improvements

Unless specifically approved by the ARB, landscaping design and materials used for the Common Area must conform to the original approved plans and specifications for West Campus Point.

G. Solid Waste

All materials located on any Residential Lot or portion of the Common Area during construction or alteration of any Structure or other improvement shall be removed at the completion of construction, but in no case later than 120 days from the date of ARB approval of the project. The ARB may grant an extension if compliance with this section is deemed a hardship by the ARB.

H. Athletic Equipment

No athletic equipment may be permanently attached to any Structure.

9/3/86

**Exhibit Sixth to
Residential Lot Lease**

DISCLOSURE

Important Property Tax Information

PLEASE READ CAREFULLY

This disclosure notice is given to you in connection with your purchase of a home within the West Campus Point Planned Unit Development.

TAXABILITY OF POSSESSORY LEASEHOLD INTEREST IN LAND

The California Supreme Court issued a ruling in February, 1992 that the possessory leasehold interest in the land held by each homeowner in a University for-sale housing development is subject to property taxes. The assessment for this leasehold interest is made in addition to the assessment for the "improvements" (i.e., the housing unit itself).

PROPERTY TAX ASSESSMENTS

The county tax assessor determines a "valuation" for your home, which is comprised of an assessment for the value of the structure representing your housing unit, as well as an assessment of value for your leasehold interest in the land upon which your housing unit rests. The property tax rates are then applied to this overall valuation to arrive at the annual property tax amount for your property.

The county tax assessor's determination of the overall valuation for your home may exceed the purchase price of the home plus any rents attributed to the leasehold interest. There is no way to estimate the "valuation" for your home, nor your property tax amount, until the county tax assessor makes the determination of value.

YOUR OBLIGATION UNDER THE GROUND LEASE

The ground lease that you sign obligates you to pay any and all property taxes that are lawfully imposed. Any disagreement that you may have as to the valuation of your home or your property tax amount can only be pursued with the county tax assessor's office, and does not release you from your obligation under the ground lease to pay the property tax amount.

I/We hereby acknowledge receipt of this disclosure.

Buyer Signature Date

Buyer Signature Date

~~SYSCO FOOD SERVICES OF LOS ANGELES,
20701 East Currier Road
Walnut, CA 91789~~



Robert Jensen

~~Trade Account - Santa Ana~~
Everett Washburne / 4th Floor Chaddler

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