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In addition to the foregoing, the Board of Directors may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of the First Mortgages encumbering the Lots with Dwellings thereon. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential seller of their Dwellings, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

ARTICLE XIV

GRANTOR EXEMPTION

Grantor or its successors or assigns will undertake the work of construction of subdivision lots, residential dwellings, common area amenities, private streets, utility systems and other incidental improvements upon the Properties in multiphases. The completion of that work and sale, or other disposal of the Lots is essential to the establishment and welfare of the Properties as a first-class residential community. As used in this Section and its subparagraphs, the words "its successors and assigns" specifically do not include purchasers of individual Lots. In order that said work may be completed and the Properties be established as a residential community as rapidly as possible, no Owner nor the Association shall do anything to interfere with, and nothing in this Declaration shall be understood or construed to:

(a) Prevent Grantor, its successors or assigns, or its or their contractors or subcontractors, from doing on any Lot owned by them whatever they determine to be necessary or advisable in connection with the completion of said work, including without limitation the alteration of construction plans and designs as Grantor deems advisable in the course of development; or

(b) Prevent Grantor, its successors or assigns, or its or their representatives, from constructing and maintaining the Common Area or any Lot, or portion thereof, owned or controlled by Grantor, or its successors or assigns, or its or their contractors or subcontractors, such improvements and/or structures as may reasonably be necessary for the conduct of its or their business of completing said work and establishing the Properties as a residential community and disposing of the same in Lots pursuant to Article 2, Section 1 (b) by sale, marketing, lease or otherwise;

(Grantor will not unreasonably interfere with the use of the Common Area by the Owners of the Lots within the Properties); or

(c) Prevent Grantor, its successors or assigns, or its or their contractors or subcontractors, from conducting on any Lot, or any portion thereof, owned or controlled by Grantor, or its successors or assigns, its or their business of developing, subdividing, grading and constructing Lots and improvements in the Properties as a residential community and disposing of the Lots by sale, lease or otherwise; or

(d) Prevent Grantor, its successors or assigns or its or their contractors or subcontractors, from maintaining such sign or signs on or near the Common Area or any Lot owned or controlled by any of them as may be necessary in connection with the sale, lease or other marketing of Lots in the Properties pursuant to Article X, Section 4.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Enforcement. This Declaration, the Articles of Incorporation and the Bylaws may be enforced by the Association and the applicable County and/or City as follows:

(a) Breach of any of the covenants contained in the Declaration or the Bylaws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by any Owner, including Grantor, by the Association or the successors-in-interest of the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorneys' fees in an amount as the Court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs.

(b) The result of every act or omission whereby any of the covenants contained in this Declaration or the Bylaws are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association or its successors-in-interest.

(c) The remedies herein provided for breach of the covenants contained in this Declaration or in the Bylaws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association to enforce any of the covenants contained in this Declaration or the Bylaws shall not constitute a waiver of the right to enforce the same thereafter.

(e) A breach of the covenants, conditions or restrictions contained in this Declaration or in the Bylaws shall not affect or impair the lien or charge of any bona fide First Mortgage or Deed of Trust made in good faith and for value on any residential Lot or the improvements thereon, provided, however, that any subsequent Owner of such property shall be bound by said covenants, whether such Owner's title was acquired by foreclosure, in a trustee's sale or otherwise.

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(f) The Association shall establish written standards of maintenance for the Common Area and Properties and improvements under the Association's jurisdiction, as the Association may from time to time find the welfare of the Association and the Owners demand. In establishing such standards, the Association shall consult with the County of San Bernardino. If the Association fails to maintain the Common Area in accordance with the standards so established, the County of San Bernardino may cause the necessary maintenance to be done to conform with the standards and assess the costs thereof to the Association and Owners obligated to so maintain in the same manner as assessments are levied under the County's ordinance for repair of substandard dwellings. All rights of notice, protest and appeal under the ordinance or otherwise provided by law are reserved to the Association and Owners.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date this Declaration is recorded, after which time said covenants, conditions, reservation of easements, equitable servitudes and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by the then Owners of a majority of the Lots, has been recorded, agreeing to change or terminate said covenants and restrictions in whole or in part.

Section 4. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance and repair of the Common Area. The articles and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the masculine, feminine and neuter.

Section 5. Amendment. This Declaration and any amendments to it may be amended or revoked as follows:

(a) Before the issuance of the Final Public Report, this Declaration and any amendments to it may be amended in any respect or revoked by the execution by Grantor and any Mortgagee of record of an instrument amending or revoking the Declaration. The amending or revoking instrument shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the office of the San Bernardino County Recorder.

(b) After the issuance of the Final Public Report, this Declaration may be amended or revoked in any respect by the vote or written consent of the holders of not less than seventy-five (75%) percent of the voting rights of each class of Members. However, if any provision of this Declaration requires a greater or lesser percentage of the voting rights of any class of Members in order to take affirmative or negative action under such provision, the same percentage of such

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class or classes of Members shall be required to amend or revoke such provision. When the two-class structure is no longer in effect because of conversion of one class to another, then any amendment or revocation may be enacted by seventy-five (75%) percent of the voting rights of the Association and at least a bare majority of the voting rights of Class A Members other than Grantor. Also, if the consent or approval of any governmental authority, Mortgagee or 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. 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 and shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the office of the San Bernardino County Recorder. No amendment may be made to Article XIII by the Association membership without the prior written consent of at least seventy-five (75%) percent of the Mortgagees of First Mortgages encumbering the Lots within the Properties (based upon one (1) vote for each such Mortgage (unless a higher percentage for approval is required by a Federal Agency for an amendment). No amendment which would materially change the rights of an Owner is valid without the prior written consent of the California Real Estate Commissioner during the period of time in which the Grantor or his successor-in-interest holds or controls as much as one-fourth (1/4) of the votes of the Association that may be cast to effect such change.

Section 6. No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Properties to the public, or for any public use.

Section 7. Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Properties does and shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Properties, or any portion thereof.

Section 8. Reservation of Easements. Reciprocal easements are hereby reserved for the benefit of adjoining Lot Owners for the control, maintenance and repair of the utilities of adjoining Lot Owners. Grantor expressly reserves for the benefit of all of the real property in the Properties, and the Owners, reciprocal easements of access, ingress and egress over all Lots, and over the Common Area, for the purpose and enjoyment of the Lots in accordance with this Declaration, including without limitation, for installation and repair of utility services, for drainage over, across and upon adjacent Lots for water resulting from the normal use of adjoining Lots, and for maintenance and repair of any Dwelling constructed. Such easements may be used by Grantor, its successors, purchasers and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Properties, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot and the Common Area. In the event that any Dwelling encroaches upon the Common Area as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Properties, a valid easement for encroachment and for the maintenance of the same shall exist

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so long as the encroachment exists. Grantor and the Lot Owners of each Lot on which there is constructed a Dwelling or other structure along or adjacent to said Lot line subject to applicable County and/or City Codes and Ordinances, shall have an easement appurtenant to said Lot over the Lot line to and over the adjacent Lot, for the purposes of accommodating any natural movement or settling of any Dwelling or other structure located on said Lot, any encroachment of any Dwelling or other structure due to minor engineering or construction variances, and any encroachment of eaves, roof overhangs and architectural features as parts of the original construction of any Dwelling or other structure located on said Lot. Grantor expressly reserves for the benefit of each Owner of a Lot in the Properties, his guests, tenants and invitees, a non-exclusive easement across the Common Area maintained as a private street even if a portion of said Common Area street may be located on the Individual Owners' Lots; as shown on the recorded Tract Map of the Properties as private streets, for the purpose of parking and driving motor vehicles. The Association, in accordance with the adopted rules and regulations of the Association and the provisions of this Declaration, may regulate use of the Common Area.

Section 9. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid; addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

Section 10. No Representation or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Grantor or its agents or employees in connection with the Properties or any portion of the Properties, or any improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Declaration and except as may be filed by Grantor from time to time with the California Department of Real Estate or with any other governmental authority, including, but not limited to, FHA or VA where applicable.

Section 11. Water. Domestic water supply to each Lot and the Common Area is provided by the County of San Bernardino (Victor Valley Water District) (hereinafter called "County") on a basis comparable to that for the provision of such services to property owners in said County whose property fronts on dedicated County streets. To assure the County of access to maintain and repair its services and facilities and for the provision of fire and police protection, the Board shall keep all access ways, roadways and appurtenances thereto on the Common Area that are not dedicated streets, in a state of good condition and repair, consistent with the standard of quality of said roadways and appurtenances on original installation. All such repairs shall be made at the expense of the Association.

Section 12. FHA/VA Approval. As long as there is a Class B membership, and provided that FHA or VA are insuring or guaranteeing loans or have issued commitments to insure or guarantee loans on a portion of the Properties, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: dedication of any portion of the Common Area, and amendment or termination of this Declaration.

Section 13. Attorneys' Fees. In the event action is instituted to enforce any of the provisions of this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto, as a part of the judgment, reasonable attorneys' fees and costs of such suit.

ARTICLE XVI

PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS THERETO

Section 1. The real property which shall be held, used, leased, sold and conveyed subject to this Declaration is the property referred to herein as Phase 1.

Section 2. Additional real property may be annexed to Phase 1 and become subject to this Declaration by any of the methods set forth hereinafter.

Section 3. Grantor intends to develop or cause to be developed additional real property within Tracts #11796-1, 11796-2 and 11796-3 in future phases as described in Exhibit "A" attached hereto and incorporated herein by this reference. Grantor shall have the right to annex such additional real property to Phase 1 and to bring such real property within the general plan and scheme of this Declaration without the approval of the Association, its Board of Directors or members; provided that said right of Grantor is exercised prior to the third anniversary of the original issuance of the most recently issued public report for a phase of the development.

Section 4. In addition to the provisions specified for annexation in Section 3 above, additional property may be annexed to Phase 1 and brought within the general plan and scheme of this Declaration upon the approval by written consent of two-thirds (2/3) of the membership and two-thirds (2/3) of the members other than Grantor who are voting in person or by proxy at a meeting duly called for this purpose and any applicable Federal Agency holding, insuring or guaranteeing any mortgage in the existing development.

Section 5. The additions authorized under Sections 3 and 4 hereof shall be made by filing of record a supplemental declaration, or other similar instrument, with the respect to the additional real property which shall be executed by Grantor and shall extend the general plan and scheme of this Declaration to such additional real property. The filing of record of said supplemental declaration shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said additional real property shall become subject to this Declaration and encompassed within the general plan and scheme of the covenants, conditions and restrictions contained therein, and become subject to assessments by the Association and to the functions, powers and jurisdiction of the Association, and the Owners of the additional Lots on said additional real property shall automatically become members of the Association.

Section 6. Such supplemental declaration contemplated above may contain such complimentary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, or as Grantor may deem appropriate in the development of such real property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such supplemental declaration revoke, modify or add to the covenants, conditions, and restrictions established by this Declaration as the same pertains to Phase 1, except as hereinafter otherwise provided.

ARTICLE XVII

ASSOCIATION FINANCIAL INFORMATION

The following financial information shall be regularly prepared and distributed by the governing body to all members regardless of the number of members or the amount of assets of the association.

(1) A budget for each fiscal year consisting of at least the following information shall be distributed not less than 45 days prior to the beginning of the fiscal year.

(A) Estimated revenue and expenses on an accrual basis.

(B) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(C) 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.

(D) A general statement setting forth the procedures used by the governing body 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.

(2) A balance sheet - as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of an interest in the subdivision - and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.

(3) A report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

(A) A balance sheet as of the end of the fiscal year.

(B) An operating (income) statement for the fiscal year.

(C) A statement of changes in financial position for the fiscal year.

(D) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

If the report referred to in (3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

In addition to financial statements, the governing body shall annually distribute within 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' subdivision interests.

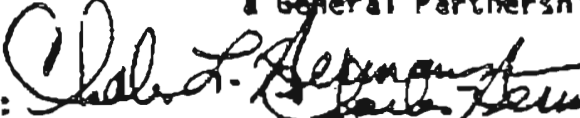

ARTICLE XVIII

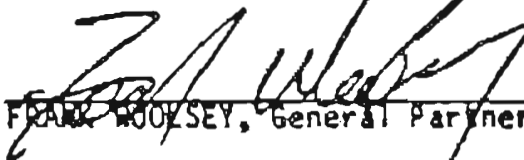
INITIAL WORKING CAPITAL FUND

Capitalization Fee. Upon acquisition of record title to a Lot from Declarant, each Owner shall contribute to the initial working capital of the Association an amount equal to one-sixth (1/6th) of the amount of the then annual assessment for that Lot as determined by the Board. This amount shall be deposited by the Buyer into the purchase and sale escrow and disbursed from the escrow to the Association.

Grantor has executed this Declaration on the date first written above.

GRANTOR: BEAR VALLEY HOMES,
a General Partnership

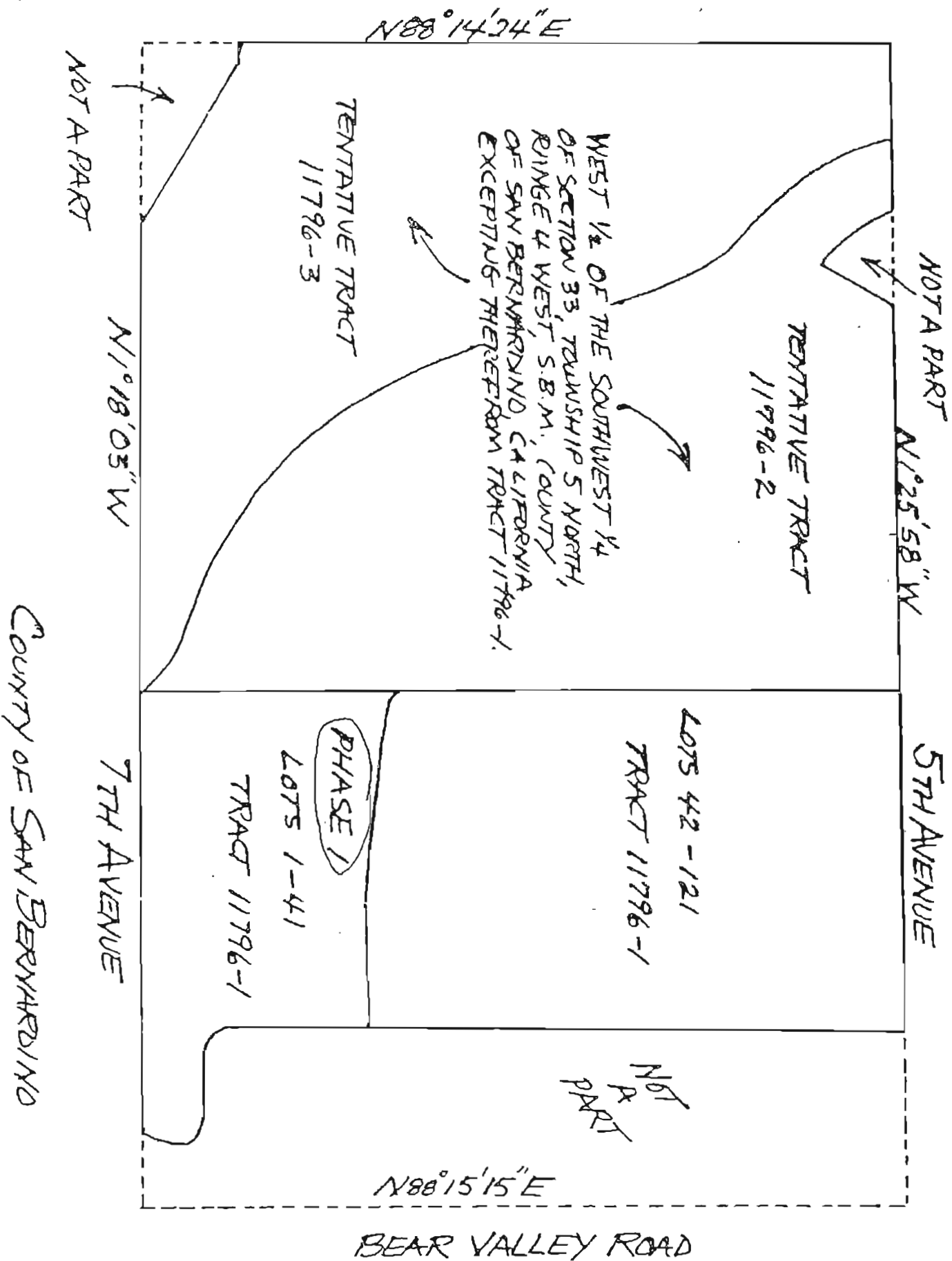
BY:  TRUSTEE
 - G.P.
CHARLES L. HERMANSEN, TRUSTEE
CHARLES L. HERMANSEN TRUST, General Partner

BY:  - G.P.
FRANK WOOLSEY, General Partner

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EXHIBIT "A"



Acknowledgment - Partnership

STATE OF CALIFORNIA

COUNTY OF Orange } ss.

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On this 6th day of June, 1984, before me, the undersigned,

a Notary Public in and for said County and State, personally appeared

Charles L. Hermansen, Trustee
Charles L. Hermansen Trust

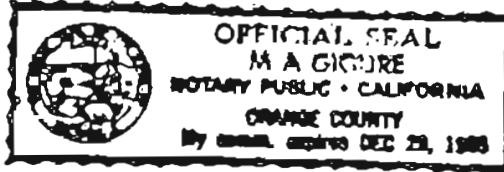
_____ personally known to me (or proved to me on the basis of satisfactory evidence)
to be one

_____ of the partners of the partnership
that executed the within instrument, and acknowledged to me that
such partnership executed the same.

WITNESS my hand and official seal.



Notary signature



(This area for official seal)

Acknowledgment - Partnership

STATE OF CALIFORNIA

COUNTY OF Orange } ss.

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On this 6th day of June, 1984, before me, the undersigned,

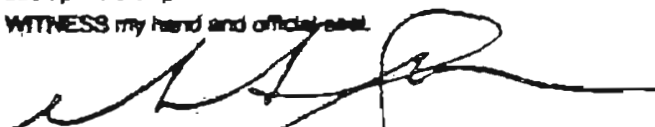
a Notary Public in and for said County and State, personally appeared

FRANK WOOLSEY

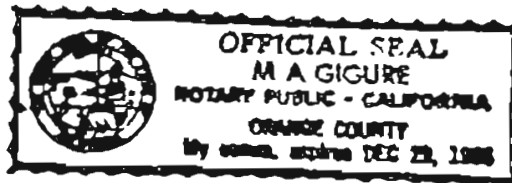
_____ personally known to me (or proved to me on the basis of satisfactory evidence)
to be one

_____ of the partners of the partnership
that executed the within instrument, and acknowledged to me that
such partnership executed the same.

WITNESS my hand and official seal.



Notary signature



(This area for official seal)

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CONSENT AND SUBORDINATION TO
DECLARATION OF RESTRICTIONS

WESTSIDE FEDERAL SAVINGS & LOAN ASSOCIATION, Beneficiary under
that Deed of Trust recorded on November 10, 1983,
as Instrument Number 83-265158 of Official Records of San
Bernardino County, California, hereby consents to the
recording of the within Declaration of Restrictions for Tract Number
11796-1 and further subordinates the lien or charge of its
Deed of Trust to said Declaration of Restrictions.

WESTSIDE FEDERAL SAVINGS & LOAN

Dated: 05-14-84

By: Mary Ryan
Mary Ryan, AWP
Beneficiary

STATE OF WASHINGTON, }
County of King } ss.



On this 14th day of May A. D., 19 84
before me personally appeared Mary Ryan

to me known
to be the Assistant Vice-President of the corporation that
executed the within and foregoing instrument, and acknowledged the said instrument to be the free and vol-
untary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated
that She was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above
written.

Richard J. Konaley

Notary Public in and for the State of Washington, residing at Redmond