

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

COPY

La Quinta Golf Estates
Community Association
P.O. Box 162
La Quinta, Ca 92253

If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive covenant language pursuant to subdivision (c) of Section 12956.1 of the Government Code.

**RESTATED AND AMENDED DECLARATION OF
CONDITIONS, COVENANTS AND RESTRICTIONS OF
LA QUINTA GOLF ESTATES**

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**RESTATED AND AMENDED DECLARATION OF
CONDITIONS, COVENANTS AND RESTRICTIONS OF
LA QUINTA GOLF ESTATES**

This Amendment (this "Declaration") to the Declaration of Protective Restrictions dated June 22, 1959 (the "Declaration of Protective Restrictions"), as amended by the First Amendment to Declaration of Protective Restrictions Covering La Quinta Golf Estates dated May 13, 1982 (the "First Amendment"), is made as of April 11, 1992 by La Quinta Golf Estates Community Association, a California non-profit corporation ("Declarant"). This Amendment is intended to amend and restate in full the Declaration of Protective Restrictions, as amended by the First Amendment.

RECITALS:

A. That certain real property located in Riverside County, State of California, commonly known as La Quinta Golf Estates, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference ("La Quinta Golf Estates"), is the real property which is subject to the Declaration of Protective Restrictions, as amended by the First Amendment.

B. The Declaration of Protective Restrictions is recorded in the Official Records of the Recorder of Riverside County, State of California, on August 18, 1959, in Book 2530, Page 483, as Instrument No. 71691. The First Amendment is recorded in the Official Records of the Recorder of Riverside County, State of California, on May 19, 1982, in Book 1982, as Instrument No. 86055.

C. The declarant of the Declaration of Protective Restrictions was the Elkee Corporation.

D. The Declaration of Protective Restrictions was first amended by the Declarant, as successor in interest to the Elkee Corporation, on May 19, 1982, pursuant to the First Amendment.

E. The Declarant is the owner of certain real property designated as common area within La Quinta Golf Estates, and is authorized and charged with enforcing the covenants, conditions and restrictions contained in the Declaration of Protective Restrictions, as amended by the First Amendment, and with managing, maintaining and improving the Common Area (as hereinafter defined) within La Quinta Golf Estates.

F. The Declaration of Protective Restrictions, as amended by the First Amendment, requires the approval of more the Fifty Percent (50%) of the Owners (as hereinafter defined) of the Lots (as hereinafter defined) to amend the Declaration of Protective Restrictions, as amended by the First Amendment.

G. The Board of Directors of the Declarant has approved a written resolution to amend and restate in full the Declaration of Protective Restrictions, as amended by the First Amendment, and has received written consent of more than Fifty Percent (50%) of the Owners of the Lots in conformity with the requirements of the Declaration of Protective Restrictions, as amended by the First Amendment, and California Civil Code section 1355, to amend and restate in full the Declaration of Protective Restrictions, as amended by the First Amendment.

NOW, THEREFORE, the Declarant hereby amends and restates in full the Declaration of Protective Restrictions, as amended by the First Amendment, as follows:

DECLARATIONS:

Declarant hereby declares that La Quinta Golf Estates and each and every Lot, part or parcel thereof, shall, from the date declared, be subject to this Declaration, which is intended as and declared to be an amendment and restatement of the Declaration of Protective Restrictions, as amended by the First Amendment, in accordance with California Civil Code section 1355 and shall be held, owned, transferred, maintained, altered, improved, sold, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to the following covenants, conditions, restrictions, limitation, reservations, restrictions, easements, servitudes, exceptions, terms, liens and charges hereinafter set forth (hereinafter sometimes collectively referred to as "Covenants") for the duration of this Declaration, all of which are declared to be part of, pursuant to, and in furtherance of a planned development as described in California Civil Code section 1350 through 1373 for subdivision, improvement, protection, maintenance, and sale of separately owned lots and parcels with appurtenant rights to the use and enjoyment of common area, and all of which are intended as and declared and agreed to be enforceable equitable servitudes for the purposed of enhancing, maintaining and protecting the value and attractiveness of La Quinta Golf Estates. All of the Covenants shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in La Quinta Golf Estates or any lot or parcel therein, and shall be binding on and inure to the benefit of the successors in interest of such parties. Declarant further declares that it is the express intent that this Declaration satisfy the requirements of California Civil Code section 1353.

1. **AMENDMENT AND RESTATEMENT OF CONDITIONS, COVENANTS AND RESTRICTIONS.**

This Declaration amends and restates in full the Declaration of Protective Restrictions, as amended by the First Amendment each of which are more fully described in the Recitals.

2. **DEFINITION OF TERMS.**

In each and every place throughout this Declaration, unless otherwise expressly provided, the following terms shall be construed as set forth in this Section 2. All references to Sections shall reference to sections of this Declaration unless otherwise expressly provided.

2.1 The "Architectural Committee" means the committee of persons appointed and acting pursuant to Section 14.

2.2 The "Articles" shall mean and refer to the Articles of Incorporation of the Association, as amended from time to time.

2.3 An "Assessment" shall mean and refer to any Special Assessment, Capital Assessment, Reimbursement Assessment or any other assessment other than Dues.

2.4 The "Association" shall mean and refer to the La Quinta Golf Estates Community Association, a California non-profit corporation, its successors and assigns, the members of which shall be the Owners; an interchangeable term with "Declarant."

2.5 The "Association Rules" mean the rules and regulations regulating the use and enjoyment of the Common Area adopted by the Board from time to time.

2.6 The "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

2.7 The "Budget" shall mean and refer to a written estimate of the expenses to be incurred by the Association in performing its functions under these Covenants and prepared pursuant to Section 3.9 of the Declaration.

2.8 The "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

2.9 The "Common Area" shall mean and refer to La Quinta Golf Estates in its entirety, including real property owned by the Association for the common use and enjoyment of the Owners, including but not limited to the streets shown on the map, and real property owned by the Owners as tenants in common, but excluding Lots as defined and described in the Map.

2.10 The "Common Expenses" means and includes the actual and estimated expenses of operating the Common Area and any reasonable reserve for such purposes as found and determined by the Board or required by law and all sums designated common expenses by or

pursuant to the Declaration, Articles, or Bylaws. Common Expenses shall include the expense of periodic maintenance and testing of all security systems.

2.11 The "Declarant" shall mean and refer to the La Quinta Golf Estates Community Association, a California non-profit corporation, its successors and assigns, the members of which shall be the Owners; an interchangeable term with "Association."

2.12 The "Declaration" shall mean and refer to this Amended and Restated Declaration of Conditions, Covenants and Restrictions of La Quinta Golf Estates, as amended or supplemented from time to time.

2.13 A "Deed of Trust" shall mean and refer to any mortgage or deed of trust or other conveyance of a Lot, or other portion of La Quinta Golf Estates to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance; an interchangeable term with "Mortgage."

2.14 The "DRE" shall mean and refer to the California Department of Real Estate and any successors thereto.

2.15 The term "Dues" shall mean and refer to regular assessments, excluding capital assessments and special assessments which are charged to each Owner for the cost of maintaining, repairing, operating and managing the La Quinta Golf Estates as determined by the Association.

2.16 A "Dwelling House" shall mean a structure to be used or occupied as a residence for Family, and shall be deemed and construed to include both the main porch of such structure and all projections therefrom including garages included in and forming a part thereof.

2.17 The term "Eligible Holder Mortgages" shall mean Mortgages held by "Eligible Mortgage Holders".

2.18 "Eligible Mortgage Holder" shall mean a first lender who has requested notice of certain matters from the Association in accordance with Section 13.3.

2.19 "Eligible insurer or guarantor", shall mean an insurer or governmental guarantor of a first Mortgage who has requested notice of certain matters from the Association in accordance with Section 13.3.

2.20 "First lender" shall mean any bank, savings and loan association, insurance company, or other financial institution holding a recorded first Mortgage on any Lot.

2.21 The term "Improvements" shall mean and refer to any and all structure and appurtenances thereto of every type and kind, including, but not limited to, buildings, outbuildings, additions, swimming pools, patio covers, awnings, painting of any exterior surface of any visible structure, walkways, sprinkler pipes, drainage devices, garages, carports, roads, curbs, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, antennas, hedges, windbreaks, plantings, planted trees and shrubs, satellite dishes,

poles, signs, exterior tanks, solar heating equipment, exterior air conditioning, utility meters and water softener fixtures and equipment.

2.22 The term "Joint Owners" shall mean and refer to all Owners of a Lot that is owned by more than one (1) person.

2.23 A "Lot" shall mean and refer to any lots of land shown on the Map, excluding Common Areas, including but not limited to the streets shown on the Map.

2.24 The "Maintenance Funds" shall mean and refer to the accounts into which the Board shall deposit all monies paid as Dues to the Association and from which disbursements shall be made in the performance of the functions of the Associations pursuant to Sections 7.4.1.1 and 7.4.1.2.

2.25 "Map" shall mean and refer collectively to those Maps entitled "LA QUINTA GOLF ESTATES NO. 111, filed for record the 4th day of August, 1959, and LA QUINTA GOLF ESTATES NO. 2", filed for record the 16th day of September, 1959.

2.26 "Meeting" shall mean and refer to a meeting or election held in accordance with California Corporations Code sections 7510 through 7527 and 7613.

2.27 "Member" shall mean and refer to an Owner with the right to membership in the Association as provided herein.

2.28 "Mortgage", shall include a deed of trust as well as a mortgage.

2.29 "Mortgagee" shall include a beneficiary or a holder of a deed of trust as well as a mortgagee.

2.30 "Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

2.31 An "Owner" or the "Owners" shall mean and refer to the record holder, whether one (1) or more persons or entities, of a fee simple title to any lot which is a part of the La Quinta Golf Estates, other than lots or parcels owned by the Association or owned in Common by all the Owners but excluding those persons or entities having an interest merely as security for the performance of an obligation. If a lot is sold under a contract of sale and the contract is recorded, the purchaser, rather than the fee owner, will be considered the "owner" from and after the date the Association receives a written notice of the recorded contract.

2.32 The term "Permitted Functions" shall include all functions as are necessary and proper under this Declaration, except Public Functions, and shall include but not be limited to, providing management and administration of the Association, providing reasonable architectural review, incurring reasonable attorneys' fees, manager fees, accountants' fees, obtaining errors and omissions insurance for officers, directors and agents of the Association, obtaining fidelity bonds for any Person handling funds of the Association, paying taxes levied against real and personal property of the Association, incurring filing fees, recording costs and bookkeeping fees, obtaining and maintaining offices and office furniture and equipment and performing other such

reasonable and ordinary administrative tasks associated with the operating the Association.

2.33 "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

2.34 "La Quinta Golf Estates" shall mean and refer to the entire real property described above including all improvements and structures erected or to be erected thereon; also referred to an "Association property".

2.35 "Project Documents" shall mean and refer to this Declaration, together with the other basic documents used to create and govern the La Quinta Golf Estates, including the Map, the Articles, and the Bylaws, but excluding unrecorded rules and regulations adopted by the Board or the Association.

2.36 "Street" shall mean and refer to any street, avenue, drive, highway, private road, right of way or other way shown on the map record or hereafter recorded whether designated thereon as streets or without designation.

2.37 "Street Frontage" shall mean that portion of the Lot or tract which adjoins, borders or abuts upon any street or walk as defined herein; provided, however, the corner Lot or tract shall be construed as having a frontage on the same street as the inside lot or tract adjoining the same, and shall not be considered as having a frontage on any other street upon which it abuts.

2.38 The term "Vacant Lots" shall mean and refer to Lots which are not under development or have not yet been developed according to plans approved by the Architectural Committee.

2.39 The term "Voting Rights" shall mean and refer to the voting rights of Members in matters before the Association as provided in this Declaration, the Articles of Incorporation or the Bylaws.

3. THE ASSOCIATION.

3.1 Formation. The Association is a nonprofit mutual benefit corporation formed under the laws of California. The Association is charged with the duties and vested with the powers set forth in the Articles, the Bylaws and this Declaration, including, but not limited to, control and maintenance of the Common Area and any facilities on the Common Area, beautification of Vacant Lots, and enforcement of this Declaration and the Association Rules.

3.2 Association Action; Board officers; Members' or Owners, Approval. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint, except as to matters which under this Declaration, the Articles, or the Bylaws require the approval of Owners or Members. Such election or appointment of officers shall be in accordance with this Declaration or the Bylaws. Except as otherwise provided in this Declaration, the Articles or the Bylaws, all matters requiring the approval of members or Owners shall be deemed approved if Members or Owners holding a majority of the total voting rights

assent to them by written consent as provided in the Bylaws or if approved by a majority vote of a quorum of Members or Owners at any regular or special meeting held in accordance with the Bylaws.

3.3 Association to Own Common Areas. The Association shall own the Common Area in accordance with the Articles, the provisions of this Declaration and the Bylaws of the Association.

3.4 Powers and Duties of Association

3.4.1 Powers. The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the General Nonprofit Mutual Benefit Corporation Law of California, as enumerated in section 7140 of the California Corporations Code, subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws, this Declaration and section 1363 of the California Civil Code. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles, the Bylaws, and the Association Rules, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association, including, without limitation, the following:

3.4.1.1 Dues and Assessments. The Association shall have the power to establish, fix, and levy Dues and Assessments against the Owners and to enforce payment of such Dues and Assessments, in accordance with the provisions of this Declaration.

3.4.1.2 Fines. The Association may impose fines or take disciplinary action against any Owner for failure to pay assessments or for violation of any provision of the Project Documents. Penalties may include, but are not limited to, fines and/or temporary suspension of Voting Rights, provided the Owner is given notice and a hearing as provided in the Bylaws before the imposition of any fine or disciplinary action.

3.4.1.3 Right of Enforcement. The Association in its own name and on its own behalf, or on behalf of any Owner who consents, can commence and maintain actions to collect monetary obligations for damages, or to restrain and enjoin any actual or threatened breach of any provision of this Declaration or of the Articles or Bylaws, or of the Association Rules or any resolutions of the Board, and to enforce by mandatory injunction, or otherwise, all of these provisions. In addition, the Association can suspend the Voting Rights or can assess monetary penalties against any Owner or other person entitled to exercise such rights or privileges for any violation of this Declaration or the Articles, Bylaws, Association Rules or Board resolutions. However, any monetary penalty cannot exceed the amount necessary to compensate the Association or other Owners for loss or expense resulting from such violation, and no suspension or penalty can be imposed unless accomplished in the manner provided for in the Bylaws. Except as provided in this Section, the Association does not have the power or authority to cause a forfeiture or abridgement of an Owner's right to the use and enjoyment of the Lot owned by the Owner in accordance with this Declaration and the Articles, Bylaws, Association Rules and Board resolutions, if the Owner does not comply with provisions of this Declaration or the Articles, Bylaws, Association Rules or Board resolutions, except by judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a

power of sale based on the failure of the Owner to pay assessments duly levied by the Association.

3.4.1.4 Easements. The Association shall have authority (by majority vote) to grant easements in addition to those shown on the Map where necessary for utilities, cable television and sewer facilities over the Common Area to serve the Common Areas and Lots.

3.4.1.5 Manager. The Association may employ a manager or other persons and may contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, except for the responsibility to levy fines, impose discipline, hold hearings, file suit, record or foreclose liens, or make capital expenditures, provided that any contract with a firm or person appointed as a manager or managing agent shall not exceed a one (1) year term and shall provide for the right of the Association to terminate the same without cause or payment of a termination fee on ninety (90) days' written notice or for cause on thirty (30) days' written notice.

3.4.1.6 Acquisition and Disposition of Property. The Association shall have the power to acquire by gift, purchase or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property in connection with the affairs of the Association. Any transfer of property shall be by document signed or approved by a majority of the total voting power of the Association.

3.4.1.7 Loans. The Association shall have the power to borrow money, but only with the assent (by vote or written consent) of a majority of the total voting power of the Association, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

3.4.1.8 Dedication. The Association shall have the power to dedicate, sell, or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association. No such dedication shall be effective unless an instrument has been signed or approved by a majority of the total voting power of the Association.

3.4.1.9 Contracts. The Association shall have the power to contract for goods and/or services for the Common Area, facilities and interests or for the Association, subject to limitations set forth in the Bylaws, or elsewhere set forth in the Project Documents.

3.4.1.10 Appointment of Trustee. The Association, or the Board acting on behalf of the Association, has the power to appoint or designate a trustee to enforce assessment liens by sale as provided in this Declaration and as provided in Civil Code section 1367(b).

3.4.1.11 Security. The Association shall have the authority to install, expand, improve and modernize the security system in such manner as the Board, in its reasonable discretion determines is in the best security interests of the members and the property. Additionally, the Association may enter into protection service contracts and other necessarily related contracts in order to execute its duty to provide security. The Association

may also cause to be constructed keyed, carded or manned gates barring access by the general public to the La Quinta Golf Estates. Keys or cards will be provided to all Owners for a nominal charge.

3.4.1.12 Association Rules. The Board shall have the power to adopt, amend and repeal the Association Rules as it deems reasonable. The Association Rules shall, inter alia, govern the use of the Common Area by all Owners and tenants, and their respective family members, guests or invitees. However, the Association Rules shall not be inconsistent with or materially alter any provisions of this Declaration, the Articles or the Bylaws. A copy of the Association Rules as adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the La Quinta Golf Estates. In case of any conflict between any of the Association Rules and any other provisions of this Declaration, the Articles, or Bylaws, the conflicting Association Rule shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such inconsistency.

3.5 Duties of the Association. In addition to the powers delegated to it by its Articles or the Bylaws, and without limiting their generality, the Association, acting by and through the Board, or persons or entities described in this Declaration, has the obligation to conduct all business affairs of common interest to all Owners and to perform each of the following duties:

3.5.1 Operation and Maintenance of Common Area; Perimeter and Common Area Maintenance; Street Frontage Maintenance. To operate, maintain and otherwise manage the Common Area in first-class condition and in a good state of repair, or provide for its operation, maintenance and management, including all its facilities, amenities, fences, exterior walls abutting or fronting public streets or Common Area, retaining walls, improvements, landscaping, private driveways, private streets or roadways, parking facilities, public area or street lighting, drainage devices or facilities, sewer laterals and connections, water, gas or electrical supply lines, and any property acquired by or subject to the control of the Association, including personal property. With respect to the concrete block wall constructed by the Association around a portion of the perimeter of La Quinta Golf Estates, the Association shall maintain, repair and replace the structural components, footings and exterior and top surfaces of said perimeter wall. In the event that the Street Frontage of a Lot, including the segment of Common Area abutting or adjoining a Lot which is not separated from the Street Frontage or side yard of corner Lots by a curb or other distinguishable edge of the roadway, is not maintained by the Owner of the Lot, the Association shall, in accordance with the Association Rules, maintain the Street Frontage, side yard and adjacent Common Area, including but not limited to landscaping, watering, planting, installing watering systems, cutting, removing debris and otherwise caring for the such area, and the cost of the performance by the Association of its obligation to maintain the Street Frontage and Common Area abutting or adjoining a Lot shall be billed to and shall be the personal obligation of the Owner of that Lot in the month in which it is performed. The standards of Street Frontage maintenance shall be set forth in the Association Rules. The cost of the performance by the Association of its obligations under this Declaration with respect to general landscape and tree installation, maintenance, repair and replacement within the Common Area and all Lots shall be included in the annual budget. No Owner shall cut trim, prune, injure, damage or remove any plant or tree installed by the Association in the Common Areas without the consent of the Association, provided, however, that each Owner shall have the right to

maintain the Street Frontage abutting or adjoining its Lot in a safe, neat and orderly manner in accordance with standards set forth in the Association Rules. Except as expressly provided in this Section or in any other provision of this Declaration or as expressly authorized by the Board, the Association shall have no obligation or duty to perform any service or repair on any Lot.

3.5.2 Association Contracts. To enter into contracts for services or materials for the benefit of the Association or the Common Area, subject to the limitations set forth in this Declaration and the Articles and Bylaws.

3.5.3 Taxes and Public Assessments. To pay all real and personal property taxes and assessments by a public entity and all other taxes levied against the Common Area, real and personal property owned by the Association or against the Association. Such taxes and assessments may be contested or compromised by the Association; provided, that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

3.5.4 Other Utilities. To acquire, provide and pay for garbage disposal, refuse and rubbish collection, electrical, telephone, gas and other necessary utility services for the Common Area.

3.5.5 Insurance. To obtain, from reputable insurance companies, and maintain the insurance described in this Declaration.

3.5.6 Maintenance of Vacant Lots. To landscape and maintain the Vacant Lots, including, without limitation, planting and maintaining vegetation necessary to avoid erosion and blowing dust, controlling weed growth and providing for adequate drainage and irrigation, during any period of time after the Owner fails to perform its obligations to maintain its Vacant Lot in accordance with the Association Rules. The landscaping and maintenance of Vacant Lots by the Association shall be in accordance with the standards set forth in the Association Rules and shall be at the expense of the Owner of the Vacant Lot. The Association prior to commencing to landscape and thereafter to maintain a Vacant Lot shall give the Owner of the improperly maintained Vacant Lot no less than twenty (20) days written notice to commence to landscape and maintain the Vacant Lot in accordance with the Association Rules, provided that should the Owner fail to diligently perform its maintenance obligations no further notice is required if the Association commences landscaping and maintenance with six months from the date of the written notice to the Owner of the improperly maintained Vacant Lot. All such landscaping and maintenance shall be in accordance with the Association Rules. The Association shall have a right and license to enter upon and to landscape and maintain a Vacant Lot and to install such watering systems as necessary to perform its duties hereunder.

3.5.7 Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by this Declaration, that may be reasonably necessary to enforce any of the provisions of this Declaration, the Articles and Bylaws, and the Association Rules and Board resolutions.

3.5.8 Delivery of Project Documents and Information. To provide to any Owner or mortgagee or prospective purchaser (evidenced by a copy of a signed agreement of purchase

or by a copy of signed escrow instructions) within ten (10) days of the mailing or delivery of a written request by such Owner or mortgagee or prospective purchaser a copy of the governing documents of La Quinta Golf Estates, which is to include this Declaration and the Articles of Incorporation, Bylaws, Association Rules and Board resolutions, and all amendments thereto, the most recent financial report prepared pursuant to Section 3.9.1, the current pro forma operating statement or budget prepared pursuant to Section 3.9.2, and a true statement in writing as to the amount of any delinquent assessments, late charges, interest, attorneys' fees or other costs of collection owing by the Owner as of the date of the request which are or may be made a lien upon the Owner's Lot. The Association may impose a fee for providing such documents and statements, but in no event shall the fee exceed the reasonable cost to prepare and reproduce the requested documents and statements.

3.6 Limitations on Authority. Except with the vote or written assent of Members of the Association representing more than fifty percent (50%) of the Voting Rights of the Owners or the approval of the Owners, constituting a quorum, at a Meeting of the Association, the Board acting on behalf of the Association shall not take any of the following actions:

3.6.1 Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

3.6.2 Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

3.6.3 Pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business. However, the Board may cause a member of the Board or an officer to be reimbursed for expenses incurred in carrying on the business of the Association; or

3.6.4 Enter into a contract with a third person wherein the third person will furnish goods or services for the Common Area or to the Association for a term longer than one year with the following exceptions:

3.6.4.1 A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

3.6.4.2 A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

3.6.4.3 Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits for short rate cancellation by the insured.

3.6.4.4 Lease agreements for cable television services of not to

exceed five years duration, provided that the lessor or supplier under the agreement is not an entity in which a member of the Board has a direct or indirect ownership interest of ten percent (10%) or more.

3.6.4.5 Agreements and lease agreement for cable television services and equipment not to exceed five years duration, provided that the lessor or supplier under the agreement or lease agreement is not an entity in which a member of the Board has a direct or indirect ownership interest of ten percent (10%) or more.

3.7 Personal Liability. No member of the Board, or of any committee of the Association, or any officer of the Association, or any agent of Association, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

3.8 Regular Meetings of Members and Notice; Specially Elected Directors.

3.8.1 The regular annual meeting of Owners and Members of the Association shall be held once in each year at a time and place within the La Quinta Golf Estates or within the County of Riverside, State of California, as prescribed in the Bylaws or as selected by the Board. Special meetings may be called as provided for in the Bylaws. Notice of all Owners' meetings, regular or special, shall be given by regular mail, personal delivery, telegram or telecopy, to all Owners and to any mortgagee who has requested in writing that such notice be sent to it and shall be given not less than ten (10) days nor more than ninety (90) days before the time of the meeting and shall set forth the place, date, and hour of the meeting, and the nature of the business to be undertaken. Any mortgagee, through its designated representative, shall be entitled to attend any such meeting but shall not be entitled to vote at the meeting. The presence at any meeting, in person or by proxy, of Owners entitled to cast at least fifty percent (50%) of the total votes of all Owners shall constitute a quorum. If any meeting cannot be held because a quorum is not present, Owners representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the date the original meeting was called. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason 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 Owners in the manner prescribed for regular meetings. Any meeting of Owners at which a quorum is present may be adjourned for any reason to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time of such meeting by Owners representing a majority of the votes present in person or by proxy.

3.8.2 In case of the death, resignation, or removal of a director, the director's successor shall be elected at a special meeting of Owners in accordance with the provisions of the Articles and Bylaws applicable to the election of directors and any restrictions thereon.

3.9 Financial Statements of the Association.

3.9.1 The Association shall prepare, or cause to be prepared, an annual financial

report. The annual report shall consist of a balance sheet rendered as of the last day of each fiscal year, an operating statement and statement of changes in financial position rendered for the fiscal year they cover, and any information required to be reported under section 8322 of the California Corporations Code. The annual report shall be distributed to all Owners within one hundred twenty (120) days after the close of the fiscal year. In any fiscal year in which the gross income of the Association exceeds seventy five thousand dollars (\$75,000.00), the annual report shall be prepared in accordance with generally accepted accounting principles and reviewed in writing by an independent public accountant licensed by the California State Board of Accountancy, a copy of which review shall be included with the annual report distributed to Owners. If not reviewed by an independent public accountant, the report shall be accompanied by the certificate of an authorized officer of the Association that the report was prepared without independent audit or review from the books and records of the Association. Notwithstanding the foregoing, in any fiscal year in which the gross income of the Association exceeds Seventy-Five Thousand Dollars (\$75,000), the Association shall have the right to distribute to each Owner a summary of the annual report for such fiscal year in lieu of a copy of such annual report, with a notice (in ten point bold type) that the annual report is available at the business office of the Association and, in the event that any Owner requests that a copy of such annual report be delivered to such Owner, the Association shall deliver, at the Association's expense, a copy of such annual report to such Owner within five (5) days of the date of such request.

3.9.2 A pro forma operating statement or budget and statement of enforcement policies and practices shall be prepared and distributed as specified by law.

3.9.3 Copies of each of the above financial statements for the Association shall be mailed to any mortgagee who has requested their receipt in writing.

3.9.4 For each fiscal quarter of the Association, the Board shall cause (i) a current reconciliation of the Association's operating accounts and (ii) a current reconciliation of the Association's reserve accounts. Within fifteen (15) days of the end of each fiscal quarter, the Board shall meet for the purpose of reviewing the following: (a) the reconciliation of the Association's operating accounts for the preceding fiscal quarter; (b) the reconciliation of the Association's reserve accounts for the preceding fiscal quarter; (c) the actual reserve revenues and expenses of the Association for the current fiscal year compared to the Association's budget for the current fiscal year; (d) the most current statements of the Association's accounts prepared by the financial institution where the Association has its operating and reserve accounts; and (e) an income and expense statement for the Association's operating and reserve accounts.

3.10 Inspection of Association Books and Records.

3.10.1 Any membership register, including the mailing addresses and telephone numbers of each Owner, books of account and minutes of meetings of the Owners, the Board and committees of the Board of the Association, shall be made available for inspection and copying by any Owner or his duly appointed representative, or any mortgagee, at any reasonable time and for a purpose reasonably related to his interest as an Owner, or mortgagee, as the case may be, at the office of the Association or at such other place within the La Quinta Golf Estates as the Board prescribes.

3.10.2 The Association shall establish by resolution of the Board reasonable rules with respect to:

3.10.2.1 Notice to be given to the custodian of the records of the Association by the Owner, representative or mortgagee desiring to make an inspection.

3.10.2.2 Hours and days of the week when an inspection may be made.

3.10.2.3 Payment of the cost of reproducing copies of documents requested by an Owner or by a representative or mortgagee.

3.10.3 Every member of the Board 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 member of the Board includes the right to make extracts and copies of documents.

4. MEMBERSHIP AND VOTING RIGHTS

4.1 Membership.

4.1.1 Qualifications. Each Owner shall automatically be a member of the Association. Ownership of a Lot shall be the sole qualification for membership in the Association. Each Owner shall remain a member of the Association until his ownership or ownership interest in all Lots in the La Quinta Golf Estates ceases at which time his membership in the Association shall automatically cease. An interest in a Lot merely as security for performance of an obligation does not qualify a Person for membership and such a Person is not to be regarded as a member.

4.1.2 Members' Rights and Duties. As a member, each Owner shall have the rights, duties, and obligations set forth in this Declaration and the Articles, Bylaws, Association Rules and Board resolutions.

4.1.3 Transfer of Membership. Membership in the Association of each Person who owns, or owns an interest in a Lot shall be appurtenant to the Lot, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except on a transfer or encumbrance of title to such Lot or interest in it and then only to the transferee or encumbrancer. Any transfer or encumbrance of title to a Lot or interest in it shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner. Each Owner shall advise the Association of any transfer to a new Owner and such transfer shall be recorded upon the books of the Association as of the date of the transfer. In the event any Owner should fail or refuse to transfer the membership registered in his name to the purchaser or assignee, the Association shall have the right to record the transfer upon the books of the Association. In the event of dispute as to membership, the ownership of such Lot, as shown in

the public records of the County of Riverside, State of California, shall be determinative thereof. Membership rights do not transfer to a mortgagee until it obtains title to the lot through foreclosure or deed in lieu thereof. On any transfer of title to a Lot, including a transfer on the death of an Owner, membership passes automatically with title to the transferee. No Owner may resign his membership. Any attempt to make a prohibited transfer shall be void.

4.2 Voting.

4.2.1 Voting Rights. The Association shall have one (1) class of voting membership. Each Owner shall be entitled to one (1) vote for each Lot owned. When a Lot is jointly owned, the Joint Owners of the Lot shall all be members of the Association, but shall collectively hold only one (1) vote for the Lot.

4.2.2 Joint Owner Votes. The voting rights for each Lot may not be cast on a fractional basis. If the Joint Owners of a Lot are unable to agree among themselves as to how their voting rights shall be cast, they shall forfeit the vote on the matter in question. If any Joint Owner of a Lot exercises the voting rights of the Lot, it will be conclusively presumed for all purposes that the Joint Owner was acting with the authority and consent of all other Joint Owners of the Lot. If more than one (1) Person exercises the voting rights for a particular Lot, their votes shall not be counted and shall be deemed void.

4.2.3 Voting Procedures. All matters permitted or required under this Declaration to be decided upon the vote of the Owners may be decided at any annual or special meeting of the members of the Association (which shall also be deemed to be a meeting of Owners) called, noticed and conducted as provided in the Bylaws, except to the extent that a different procedure is specified in this Declaration or by law.

4.2.4 Voting by Proxy. Each Owner may, by notice to the Association, designate a Person (who need not be an Owner) to vote for the Owner, provided that the Owner's voting rights have not been suspended or rendered. For an Owner to designate another Person to exercise the vote of the Owner, the Owner prior to the time scheduled for the vote shall provide the Secretary of the Association with a proxy document, the contents of which are governed by the Bylaws, signed by the Owner authorizing the proxy vote. Voting rights may be revoked by the Board of Directors as provided by this Declaration regardless of whether a proxy has been executed.

4.2.5 Suspension of Membership. The voting rights of any Owner may be suspended by the Board of Directors during any period when assessments owing by such Owner remain unpaid and delinquent. Upon payment of such assessments, the Owner's rights and privileges shall be automatically restored.

4.2.6 Transfer of Voting Rights. Except as otherwise herein provided, the right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any member may give a revocable proxy to any Person or may assign his right to vote to a contract of sale vendee, lessee or a mortgagee of the Lot concerned for the term of the contract of sale, lease of mortgage, and any sale, transfer or conveyance of such Lot to a new Owner shall operate automatically to transfer the appurtenant vote to the new Owner, subject to

any prior assignment of the right to vote to a contract vendee, lessee or mortgagee as provided herein.

5. **DESCRIPTION OF COMMON INTERESTS AND RIGHTS OF ENJOYMENT AND EASEMENTS.**

5.1 **Ownership of Lots.** Ownership of each Lot within La Quinta Golf Estates shall have appurtenant to it as the dominant tenement a non-exclusive easement or servitude over the Common Area owned by the Association, or described in this Declaration or the deed to the Lot as Common Area.

5.2 **Owners Non-Exclusive Easements of Enjoyment, Association Rights.** Each of the lots shown on the Map shall have appurtenant to it as the dominant tenement, an easement over the common area(s) as the servient tenement, now or hereafter owned by the Association, for ingress and egress, and for use, occupancy and enjoyment, and where applicable, for the construction, maintenance and operation of utilities. All of the easements are subject to the following provisions:

5.2.1 The right of the Association to dedicate, transfer or mortgage all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; provided, that in the case of the borrowing of money and the mortgaging of its property as security therefor, the rights of such mortgagee shall be subordinate to the rights of the members of the Association. No such dedication, transfer or mortgage shall be effective unless an instrument signed or approved by a majority of the total voting power of the Association agreeing to such dedication, transfer or mortgage has been recorded.

5.2.2 The right of the Association to grant easements under, in, upon, across, over, above or through any portion of the common area for purposes, including, by way of example and not by way of limitation, access, utilities, and parking, which are beneficial to the development of the properties in accordance with the general plan established by this Declaration.

5.2.3 To avoid the necessity of a separate television antenna for each lot, a cable or central television antenna system may be installed and maintained, and shall be capable of being hooked up to each dwelling on each lot. Said system, if and when installed, shall be maintained by the Association or the cable television franchisee. To the extent required to effectuate the foregoing plan, there shall be an easement in favor of each lot for the purpose of connecting the same with the master cable television terminal or central television antenna or line. Each lot shall be subject to an easement in favor of all other lots and in favor of the entity holding the CATV franchise, to provide for the passage through the lot and any structure thereon of television connections from another lot to the cable system, and shall be subject to a further easement for the placement and maintenance of such connections and required equipment.

5.2.4 The right of the Association to restrict access to certain Common Areas facilities for health and safety and security concerns, such as the security guard station, to designated representatives of the Association by Association Rule.

5.3 Easements to Accompany Conveyance of Lot. Easements that benefit or burden any lot shall be appurtenant to that lot and shall automatically accompany the conveyance of the lot, even though the description in the instrument of conveyance may refer only to the fee title to the lot.

5.4 Owners' Rights and Easements for Utilities. The rights and duties of the Owners of lots within the project with respect to sanitary sewer, drainage, water, electric, gas, television receiving, telephone equipment, cables and lines, exhaust fuels, and heating and air conditioning facilities (hereinafter referred to collectively as "utility facilities") shall be as follows:

5.4.1 Whenever utility facilities are installed within the project, which utility facilities or any portion thereof lie in or upon a lot or lots owned by other than the Owner of a lot served by said utility facilities, the Owners of any lots served by said utility facilities shall have the right of reasonable access for themselves or for utility companies or the City of La Quinta to repair, to replace and generally maintain said utility facilities as and when the same may, be necessary, due to failure or inability of the Board to take timely action to make such repairs or perform such maintenance.

5.4.2 Whenever utility facilities are installed within the project which utility facilities serve more than one (1) lot, the Owner of each lot served by the utility facilities shall be entitled to the full use and enjoyment of such portions of the utility facilities as service his lot.

5.4.3 In the event of a dispute between Owners with respect to repair or rebuilding of the utility facilities, or with respect to the sharing of the cost thereof, then, upon written request of one (1) of such Owners being addressed to the Association, the matter shall be subjected to arbitration within sixty (60) days pursuant to the rules of the American Arbitration Association, and the decision of the Arbitrators(s) shall be final and conclusive of the parties.

5.5 Provision for Municipal Services. Domestic water supply service to each Lot and to facilities in the common area is provided by the Coachella Valley Water District. The Coachella Valley Water District, in the future, may also provide sanitary sewer service. This easement assures the City of La Quinta and the Coachella Valley Water District access to maintain and repair their services and facilities for the provisions of sanitation, police and fire protection. The Association shall keep all utilities, including but not limited to storm drains, sewers, accessways, roadways, lighting and appurtenances in the common area in working order and in good repair.

5.6 Entry or Use Rights. The Association, or its agents, shall have the right to enter any Lot to perform its obligations under this Declaration, including obligations with respect to enforce the Covenants contained in this Declaration or the provisions of the Articles, the Bylaws or the Association Rules or the Board resolutions. However, the right of the Association, or its agents, to enter any Lot shall not extent to the right to enter the interior of any Dwelling House thereon, provided that the restriction on the right of entry to any Dwelling House shall not extend to the exterior of the Dwelling House to enforce the Covenants contained in this Declaration or the provisions of the Articles, the Bylaws or the Association Rules or the Board resolution. Entry onto any Lot to cure any violation or breach of this Declaration or the Bylaws or the Association Rules or Board resolution shall require the Association, or its agent, to give the Owner of the Lot at least thirty (30) days prior written notice to cure the violation or breach (except in cases of

emergency) and that within the thirty (30) day period the Owner has not acted to cure the violation or breach. The Association shall be entitled to recover from the Owner of the subject Lot the costs of effecting such cure. Such entry shall be made with as little inconvenience as possible to the Owner and any damage caused thereby shall be repaired by the Association and the cost thereof shall be deemed to be a cost of effecting such cure, unless the damage was caused by the gross negligence or willful misconduct of the Association.

5.7 Utility and Other Common Area Easements. The Association shall have the power to grant and convey to any Person easements and rights-of-way in, on, over or under the Common Area or within any easement for public utility purposes shown on the Map for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and any similar public or quasi-public improvements or facilities, and each Owner, in accepting a deed to a Lot, expressly consents to such easements and rights of way and authorizes and appoints the Association as attorney-in-fact of such Owner to execute any and all instruments conveying or creating such easements or rights-of-way.

5.8 Delegation of Use; Contract Purchasers; Tenants. Any Owner may delegate his rights of use and enjoyment in the La Quinta Golf Estates to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Bylaws and the Association Rules, subject, however, to this Declaration.

6. USE RESTRICTIONS AND COVENANTS

6.1 Residential Use. Lots shall be occupied and used for residential purposes only by the Owners, their tenants and social guests. No tent, shack, trailer, motor home, garage, outbuildings or structure of a temporary character shall be used on any Lot at any time as a residence, either temporarily or permanently.

6.2 Commercial Activity. No business, commercial, manufacturing, mercantile, storing, vending or other such nonresidential purpose shall be conducted on any Lot if deemed to be offensive or a nuisance under this Declaration or the Association Rules.

6.3 Leasing. Any lease or rental agreement shall be in writing and any tenant shall abide by and be subject to all provisions of this Declaration, the Articles, the Bylaws, and the Association rules and any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. Failure by an Owner to take legal action, including the institution of proceedings in unlawful detainer against his lessee who is in violation of this Declaration, the Articles, the Bylaws or the Association Rules within ten (10) days after receipt of written demand so to do from the Association, shall entitle the Association to take any and all such action, including the institution of proceedings in unlawful detainer on behalf of such Owner against his lessee. Any expenses incurred by the Association, including attorneys' fees and costs of suit, shall be paid by such Owner. No Owner shall rent, lease or let his Lot or any structure thereon, or any part thereof, for less than thirty (30) days. No Owner shall be permitted to lease his property for any period less than thirty (30) days without written notification to the Secretary of his intent to do so, and an indication regarding the Owner's intent,

if applicable, to lease his property for less than 30 day periods on a regular or continuing basis. Any lease shall be in writing and shall be subject in all respects to the provisions of the Declaration, the Bylaws and all rules and regulations adopted by the Board, and any failure of the tenant to comply with the foregoing shall be a default under the lease, regardless of whether the lease so provides. In the event of such a default, the Owner immediately, shall take all action to cure the default including, if necessary, eviction of the tenant. Other than the foregoing, there is no restriction in the right of any Owner to lease his property. All Owners leasing their properties shall promptly notify the Secretary of the Association in writing of the names of all tenants and members of the tenant's family occupying such lot and of the address and telephone number where such Owner can be reached.

6.4 Time-Sharing Prohibition. No Dwelling House within La Quinta Golf Estates shall ever be formally or informally divided by its Owner into a time-sharing regime, nor shall any Owner knowingly permit his Dwelling House to be used as part of any time-sharing regime. Reasonable partnership/ownership is permitted.

6.5 Building Restrictions.

6.5.1 Setback Restrictions.

6.5.1.1 No building of any part thereof, excepting eaves or roof overhang extending a distance not exceeding forty-two (42) inches, fences, walls, hedges, and other plantings, steps and porches, shall ever be erected, placed, permitted or maintained nearer any front or rear lot line of said property than the distance shown on the setback lines indicated on the plat of subdivision of said property, which in no event will be less than 10 feet of any rear lot line or 20 feet from the front or street line, or street lines for corner lots, by which any lot within the jurisdiction of this Association is bounded.

6.5.1.2 No building or any part thereof other than eaves or roof overhang extending a distance not exceeding forty-two (42) inches, fences, walls, hedges, and other plantings, steps and porches, shall be placed nearer any side boundary lines than the distance shown on the plat of said property with reference to corner lots, as stated in Section 6.5.1 above, and as to all other lots, the setback distance from the side boundary lines is hereby fixed at ten (10) feet for all lots adjoining the golf course, and six (6) feet for all lots other than corner lots not adjoining the golf course.

6.5.2 Area/Height Restrictions.

6.5.2.1 Living Area. No Dwelling House within La Quinta Golf Estates shall contain less than 2000 square feet of living area, excluding garage and permanent storage areas whether such garage or permanent storage areas are attached to said Dwelling House or separately located on the Lot.

6.5.2.2 Height of Buildings. The height of any structure shall not exceed 20 feet from the highest crown of any street adjacent to the Lot.

6.6 Owner Maintenance; Standards; Repair, Replacement and Reconstruction of Structures and Equipment.

6.6.1 Owner Maintenance and Standards. No Owner shall at his expense or otherwise make any alterations or modifications to the exterior of a Dwelling Unit or other improvement on a Lot or construct any improvement thereon without the prior written consent of the Architectural Committee and required permits from the County. Each Owner shall maintain and repair his or her Lot and any and all improvements thereon in a neat, clean, sanitary, workable and attractive condition and in conformance with minimum standards and policies established from time to time by the Architectural Committee.

6.6.2 Repair, Replacement and Reconstruction of Structures and Equipment. Any and all exterior damage to buildings, structures, improvements on any Lot, irrespective of the cause and whether or not covered by insurance, shall be repaired, replaced or reconstructed by the Owner in accordance with the Association Rules as modified by the County or other governmental agency having jurisdiction of the La Quinta Golf Estates. In the event that an Owner is required to make any repair or if an Owner desires to construct any improvement or install any fixture or equipment which will affect or involve the exterior of his structure or any bearing wall or other structural member, the prior written approval of the Architectural Committee must first be obtained. However, such approval need not be obtained to make emergency repairs, provided that the structure so affected is restored to its original condition at the Owner's expense.

6.7 Association Maintenance. The Association shall be responsible for the maintenance and repair of the Common Area and any improvements or landscaping thereon, and for the maintenance and repair of all the concrete wall located along a portion of the perimeter of the Property, fire hydrants, street lights, sidewalks, electrical transformers, water, electric and gas mains and meters and other improvements serving the Common Areas or all Owners collectively, if any.

6.8 Offensive Conduct; Nuisances. No noxious, illegal or seriously offensive activities shall be conducted within the La Quinta Golf Estates. Nothing shall be done on or within La Quinta Golf Estates that may be or may become a serious annoyance or nuisance to the residents of La Quinta Golf Estates, or that in any way interferes with the quiet enjoyment of Owners or Occupants of Lots. In cases of dispute as to whether a certain activity is in violation of this Section, a majority vote of the Board shall be conclusive.

6.9 Parking and Use of Driveway and Garage.

6.9.1 No trailer, camper, mobilehome, commercial vehicle, truck (other than standard size pickup truck or standard size van), boat, inoperable automobile, or similar equipment shall be permitted to remain upon any area within the property, other than on a temporary basis unless it is parked within an enclosed garage. Commercial vehicles shall not include sedans (or standard size vans or pickup trucks) which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smokey vehicles shall be operated on the property. No unlicensed motor vehicles shall be operated upon the property.

The Association may install a sign at each vehicular entrance to the La Quinta Golf Estates containing a statement that public parking is prohibited and that all vehicles not authorized to park on the project will be removed at the Owner's expense.

6.9.2 The Association may cause the removal of any vehicle wrongfully parked on the property, including a vehicle owned by an occupant, as permitted by law and the Association Rules.

6.9.3 Garage or carport space may not be converted into any use (such as recreational room or for storage) that would prevent its use as a parking space for the number of vehicles that it was designated to contain.

6.10 Storage in Common Area. Nothing shall be stored in the common area without the prior, written consent of the Board.

6.11 Power Equipment and Car Maintenance. No power equipment, hobby shops, or car maintenance (other than routine cleaning), or boat maintenance (other than emergency work) shall be permitted on the property except with prior written approval of the Board. Approval shall not be unreasonably withheld and in deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

6.12 Signs. No sign of any kind shall be displayed to the public view on or from any Lot or within the Common Area without the approval of the Association, except such signs as are approved by the Board or committee appointed by the Board. "For Sale" or "For Rent" signs shall be allowed, provided they do not exceed five (5) square feet in size. Only one (1) such sign shall be permitted on any Lot. The sign shall not be attached to the outside of the house or fence. It may be displayed in the window or staked in the yard.

6.13 Antennae and External Fixtures. No television or radio pole or antennae, satellite dish, flag pole, clotheslines, or other external fixtures shall be permitted unless approved in accordance with the Association Rules. All fees for the use of any cable television system shall be borne by the respective property Owners, and not by the Association.

6.14 Fences or Enclosures; Maintenance by Owner. No fences, awnings, ornamental screens, screen doors, sunshades, glass or screen enclosures or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the La Quinta Golf Estates, except those authorized and approved by the Association Rules.

6.15 Windows. Window treatments of a temporary nature shall be limited to a thirty (30) day usage period. Windows cannot be painted or covered by foil, cardboard, or other similar materials.

6.16 Animals. No animals of any kind shall be raised, bred, or kept on any lot or in the common area except no more than two (2) usual and ordinary household pets, such as dogs or cats, provided it is or they are not kept, bred, or maintained for any commercial purposes, and it is, or they are, kept under reasonable control at all times. Notwithstanding the foregoing, no

pets may be kept on the property which result in an annoyance or are obnoxious to other Owners. No pets shall be allowed in the common area except as may be permitted by rules of the Board. No Owner shall allow his or her dog to enter the common area except on a leash. After making a reasonable attempt to notify the Owner, the Association or any Owner may cause any unleashed dog found within the common area to be removed by the Association (or any Owner) to a pound or animal shelter under the jurisdiction of the City of La Quinta, or the County of Riverside, by calling the appropriate authorities. Owners shall prevent their pets from soiling the common area and shall promptly clean up any mess left by the pets. Owners shall be fully responsible for any damage caused by their pets.

6.17 Trash Disposal. All rubbish, trash and garbage shall be regularly removed from the lots, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition, and shall be screened from view of neighboring Lots, the Common Area or the street.

6.18 Outside Drying and Laundering. No exterior drying or laundering of clothes on balconies, patios, porches or other areas shall be allowed. No draping of towels, carpets, or laundry, over railing shall be allowed if visible from the Common Area and/or other Lots.

6.19 Compliance with Laws. No Owner shall permit anything to be done or kept within his unit that violates any law, ordinance, statute, rule or regulation of any local, county, state or federal body.

6.20 Indemnification. Each Owner shall be liable to the remaining Owners and the Association for any damage to the Common Area and its improvements (including landscaping) that may be sustained by reason of the negligence of that Owner, members of his family, his contract purchasers, tenants, guests or invitees, but only to the extent that any such damage is not covered by casualty insurance in favor of the Association or other Owner, members of his family, his contract purchasers, tenants, guests or invitees. Each Owner, by acceptance of his deed, agrees for himself and for the members of his family, his contract purchasers, tenants, guests or invitees, to indemnify each and every other Owner and the Association, and to hold them harmless from, and to defend them against, any claim of any person for personal injury or property damage occurring within the unit of that particular Owner, except to the extent (i) that such injury or damage is covered by liability insurance in favor of the Association or other Owner or (ii) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or another Owner or person temporarily visiting in said unit. The responsible Owner shall be charged with the cost of repairing such damage (including interest thereon).

6.21 Owner's Obligation For Taxes. To the extent allowed by law, all Lots, including their pro rata undivided interests in the Common Area and the membership of an Owner in the Association, shall be separately assessed and taxed so that all taxes, assessments and charges which may become liens prior to first mortgages under local law shall relate only to the individual Lots and not to the La Quinta Golf Estates as a whole. Each Owner shall be obligated to pay any taxes or assessments assessed by the county assessor of the County against his Lot and against his personal property.

6.22 Enforcement. The failure of any Owner to comply with any provision of this Declaration or the Articles or Bylaws, Association Rules or Board resolutions 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.

7. ASSESSMENTS

7.1 Agreement to Pay. Each Lot Owner expressly covenants and agrees, and each purchaser of a Lot by his acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees, for each Lot owned, to pay to the Association Dues and Assessments, such assessments to be established, made and collected as provided in this Declaration. The Dues and Assessments, together with interest, late charges, collection costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which such assessment is made, the lien to become effective upon recordation of a notice of delinquent assessment. Each such assessment, together with interest, late charges, collection costs, and reasonable attorneys' fees, shall also be the personal joint and several obligation of the person who was the Owner of Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. No Owner of a lot may exempt himself from liability for contribution toward the common expenses by waiver of the use or enjoyment of any of the common areas or by the abandonment of his Lot.

7.2 Personal Obligations. Each assessment or installment, together with any late charge, interest, collection costs and reasonable attorneys' fees, shall be the personal debt of the person or entity who was an Owner at the time such assessment, or installment became due and payable. If more than one person or entity was the Owner of a Lot, the personal obligation to pay such assessment, or installment respecting such Lot shall be both joint and several. The personal obligation for delinquent assessments, or delinquent installments and other such sums, shall not pass to an Owner's successors in interest unless expressly assumed by them. No Owner may exempt himself from payment of assessments, or installments, by waiver of the use or enjoyment of all or any portion of the Common Area or by waiver of the use or enjoyment of, or by abandonment of, his Lot.

7.3 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the economic interest, recreation, health, safety, and welfare of all the residents in the La Quinta Golf Estates and to enable the Association to perform the obligation hereunder.

7.4 Types of Assessments.

7.4.1 Dues; Annual Budget.

7.4.1.1 Dues. The Board shall establish and levy assessments in an amount that the Board estimates will be sufficient to raise the funds needed to perform the duties of the Association during each fiscal year.

The Dues shall include a portion for reserves in such amounts as the Board in its

discretion considers appropriate to meet the costs of the future repairs, replacements or additions to the major improvements and fixtures that the Association is obligated to maintain and repair. Reserve funds shall be deposited in a separate account and the signatures of at least two (2) persons who shall either be members of the Board or one officer who is not a member of the Board and a member of the Board shall be required to withdraw monies from the reserve account. Reserve funds may not be expended for any purpose other than repairing, replacing or adding to the major improvements or fixtures that the Association is obligated to maintain without the consent of Owners holding a majority of the voting power either at a duly held meeting or by written ballot.

7.4.1.2 Not less than ninety (90) days before the beginning of each fiscal year of the Association, the Association shall prepare or cause to be prepared, and shall distribute to each Owner, a proposed pro forma operating statement or budget for the forthcoming fiscal year. Any Owner or mortgagee may make written comments to the Association with respect to said pro forma operating statement. The pro forma operating statement shall be prepared consistently with the prior fiscal year's operating statement and shall include adequate reserves for contingencies and for deferred maintenance, repair, replacement or additions to major components of the Common Area improvements and other improvements, facilities or personal property for which the Association is responsible, which reserves shall be sufficient to satisfy the requirements of any institutional mortgagee. The pro forma operating statement shall include an estimate of all revenue and expenses for the forthcoming fiscal year prepared on an accrual basis and a statement of the reserves of the Association, which shall include (i) the amount of the total cash reserves of the Association currently available for the purposes described above, (ii) an estimate of the current replacement costs or the estimated remaining useful life of, and the methods of funding used to defray the future repair, replacement or additions to those major components which the Association is obligated to maintain, and (iii) a general statement setting forth the procedures used by the Association in the calculation and establishment of those reserves to defray the future repair, replacement or additions to those major components of the La Quinta Golf Estates which the Association is obligated to maintain.

7.4.1.3 Not more than sixty (60) days nor less than forty-five (45) days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of establishing the Dues for the forthcoming fiscal year. At such meeting the Board shall review the proposed pro forma operating statement or budget, and written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, without a vote of the Owners, shall establish the Dues for the forthcoming fiscal year. However, except as provided below, the Board may not establish the amount of Dues for any fiscal year of the Association which is more than twenty percent (20%) greater than the Dues for the immediate preceding fiscal year.

7.4.1.4 Not less than forty-five (45) days nor more than sixty (60) days before the beginning of each fiscal year of the Association, the Association shall distribute to each Owner a final copy of the pro forma operating statement or budget for the forthcoming fiscal year, together with a statement of the Association's policies and practices in enforcing its remedies against Owners for defaults in the payment of Dues and special assessments, including the recording and foreclosing of liens against Owners' Lots.

7.4.1.5 Unless the Association or its assessment income shall be exempt from federal or state income taxes, to the extent possible, all reserves shall be accounted for and handled as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in such other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board as will prevent such funds from being taxed as income of the Association.

7.5 Special Assessments. If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by a majority vote of the Board it shall become a special assessment. The Association may, in the discretion of the Board, pro rate such special assessment over the remaining months of the fiscal year or levy the assessment immediately against each Lot. Unless exempt from federal or state income taxation, all proceeds from any special assessment shall be segregated and deposited into a special account and shall be used solely for the purpose or purposes for which it was levied or it shall be otherwise handled and used in a manner authorized by law or regulations of the Internal Revenue Service or the California Franchise Tax Board in order to avoid, if possible, its taxation as income of the Association.

7.6 Limitation Respecting Dues and Special Assessments . The Board may not impose Dues on any lot which is more than twenty percent (20%) greater than the Dues for the immediate preceding fiscal year or levy a special assessment to defray the cost of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budgeted, gross expenses of the Association for that fiscal year, without the vote or written assent of members representing a majority of the total voting power of the Association casting a majority of the votes at a meeting of the Association at which a quorum is present. For purposes of this Section 7.6 9-4, a "quorum" means more than fifty percent (50%) of the members of the Association. Notwithstanding the foregoing, the Board, without membership approval, may increase Dues or levy special assessments necessary for an emergency situation. For purposes of this section, an emergency situation is one of the following:

7.6.0.1 An extraordinary expense required by an order of a court.

7.6.0.2 An extraordinary expense necessary to repair or maintain the property or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered.

7.6.0.3 An extraordinary expense necessary to repair or maintain the property or any part of it for which the Association is responsible that could not have been reasonably, foreseen by the Board in preparing and distributing the pro forma operating budget; provided, however that prior to the imposition or collection of the assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process and the resolution shall be distributed to the members with the notice of the

assessment.

7.7 Rate of Assessments. Dues and special assessments must be fixed at a uniform rate for all Lots, and Dues and special assessments shall be determined by dividing the total amount to be assessed by the aggregate number of Lots then subject to assessment.

7.8 Assessment Period; Commencement. The regular assessment period for the collection of Dues shall commence on January 1 of each year and shall terminate on December 31 of such year, and Dues shall be payable in equal monthly installments unless the Association adopts some other basis for collection.

7.9 Notice and Assessment Installment Due Dates. A single ten (10) day prior written notice of each annual Dues payment and each special assessment shall be given to any Owner of every Lot subject to assessment in which the due dates for the payments of installments shall be specified. The due dates for the payment of installments normally shall be the first day of each month unless some other due date is established by the Association. Each installment of Dues and special assessments shall become delinquent if not paid within fifteen (15) days after its due date. There shall accrue with each delinquent installment a late charge equal to the maximum amount permitted under California Civil Code section 1366 (or under any successor provision of California law which limits the amounts of such late charge), unless the Association by resolution of the Board establishes a lesser late charge, and the Association may recover its reasonable costs incurred in collecting delinquent installments including attorneys fees. Interest on all installments owing by an Owner, including reasonable costs of collection and late charges, shall accrue at an annual percentage rate of twelve percent (12%), commencing thirty (30) days after the installment becomes due.

7.10 Copies of Documents and Financial Statements; Delinquency Statement. Upon written request, the Association shall, within ten (10) days of the mailing or delivery of the request, provide an Owner with a copy of (i) the Declaration, the Articles, the Bylaws and the Association Rules; (ii) the most recent financial statements of the Association distributed pursuant to this Declaration; and (iii) a true statement in writing from an authorized representative of the Association as to the amount of any assessments levied upon the Owner's Lot which are unpaid as of the date of the statement. The statement shall also include true information on late charges, interest and costs of collection which, as of the date of the statement, are or may be made a lien upon the Lot. The Association may charge the requesting Owner a fee for the services described in this Section, which shall not exceed the Association's reasonable cost to prepare and reproduce the requested items. Any such statement may be relied on by any prospective purchaser or mortgagee of the Lot, but reliance on such statement may not extend to any default not involving the payment of assessments of which the signer had no actual knowledge.

8. COLLECTION OF ASSESSMENTS; LIENS

8.1 Right to Enforce. The right to collect and enforce assessments is vested in the Association. The Association or its authorized representative, including any manager, can enforce the obligations of the Owners to pay assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity, or the Association may foreclose

by judicial proceedings or through the exercise of the power of sale, to enforce the lien rights created. Suit to recover a money judgment for unpaid assessments together with all other amounts shall be maintainable without foreclosing or waiving the lien rights.

8.2 Creation of Lien. If there is a delinquency in the payment of any assessment or installment on a Lot, any amounts that are delinquent, together with the late charge and interest and all costs that are incurred by the Association or its authorized representative in the collection of the amounts, including reasonable attorneys' fees, shall be a lien against that Lot upon the recordation in the office of the County Recorder of the County of a notice of delinquent assessment as provided in California Civil Code section 1367. The lien shall continue until the Association records a further notice stating the satisfaction and release of the lien as provided in California Civil Code section 1367, or until foreclosure as provided hereinafter.

8.3 Enforcement of Lien; Foreclosure. The lien created pursuant to this Declaration may be enforced in any manner permitted by law, including sale of the Lot by the court upon judicial foreclosure, sale of the Lot by the trustee designated in the notice of delinquent assessment, or sale of the Lot by the trustee substituted pursuant to California Civil Code section 2934a. Any sale of the Lot by a trustee shall be conducted in accordance with California Civil Code sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust. Nothing herein shall prohibit actions against an Owner to recover sums for which a lien is created or shall prohibit the Association from taking a deed in lieu of foreclosure. The Association is authorized to designate or to substitute its attorney, any officer or director, or any title insurance company authorized to do business in California as trustee for purposes of conducting the sale. If a delinquency is cured before sale, or before completing a judicial foreclosure, the Association or its authorized representative shall cause to be recorded in the office of the County Recorder of the County a certificate setting forth the satisfaction of such claim and release of such lien upon payment of actual expenses incurred, including reasonable attorneys fees. The Association shall have the power to bid upon the Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the Lot.

8.4 Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created hereunder, the benefit of any homestead or exemption laws of California in effect at the time any assessment, or installment, becomes delinquent or any lien is imposed.

8.5 Assignment of Rents. As security for the payment of all assessments, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of such Owner's Lot, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligation under this Declaration, or the Bylaws or the Articles to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Association may, at any time, upon ten (10) days prior written notice to such Owner, either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter upon and take possession of such Owner's Lot or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid; and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment

of any indebtedness to the Association or in performance of any covenant hereunder, and in such order as the Association may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure nor waive any default hereunder or invalidate any act done pursuant to this Declaration.

9. INSURANCE.

9.1 Owner Coverage. Each owner shall obtain and maintain, at the owner's sole expense, fire, casualty and liability coverage. The Association and its directors and officers, shall have no liability to any owner to purchase such coverage.

9.2 Association Coverage. The Association shall obtain and maintain the following insurance:

9.2.1 A casualty policy insuring all improvements and fixtures owned by the Association, unless the Board in its discretion determines that such insurance is not necessary.

9.2.2 A comprehensive general liability policy insuring the Association, its agents and the owners and their respective family members against any liability incident to the ownership or use of the common area or any other Association owner or maintained real or personal property.

9.2.3 Workers' compensation insurance to the extent required by law.

9.2.4 Fidelity bonds or insurance covering officers, directors, and employees that have access to any Association funds.

9.2.5 Flood insurance on common area improvements if the project is located in an area designated by an appropriate governmental agency as a special flood hazard area.

9.2.6 Officers' and directors' liability insurance.

9.2.7 Such other insurance as the Board in its discretion considers necessary or advisable.

9.3 Adjustment of Losses. The Association is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 9.2. The Association is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

9.4 Distribution to Mortgagees. Subject to the provisions hereof, any mortgagee has the option to apply insurance proceeds payable thereunder in reduction of the obligation secured by the mortgage of such mortgagee.

9.5 Officer and Director Insurance. Upon and in the event of the determination by the Board to purchase such insurance, the Association shall purchase and maintain insurance in an amount to be determined by the Board on behalf of any director, officer, or member of a committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against such liability under applicable law.

10. DAMAGE OR DESTRUCTION OF COMMON AREA OR COMMON AREA IMPROVEMENTS.

10.1 Damage or Destruction; Proceeds Exceed 85% of Repair or Reconstruction Cost. If there is a total or partial damage or destruction of any of the unimproved Common Area or Common Area improvements in the La Quinta Golf Estates, and if the available proceeds of the insurance carried are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction, the unimproved common Area or Common Area improvements shall be promptly repaired or reconstructed unless, within ninety (90) days from the date of damage or destruction, Owners then holding at least seventy-five percent (75%) of the total voting power of each class of members present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that repair and reconstruction shall not take place.

10.2 Damage or Destruction; Proceeds Less than 85% of Repair or Reconstruction Costs. If the proceeds of insurance carried are less than eighty-five percent (85%) of the costs of repair and reconstruction of the Common Area or Common Area improvements, repair and reconstruction shall take place unless, within ninety (90) days from the date of date of damage or destruction, Owners then holding at least sixty-six and two-thirds percent (66 2/3%) of the total voting power of each class of members present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that repair and reconstruction shall not take place.

10.3 Repair or Reconstruction Payment Procedures. If the Owners determine to repair or reconstruct the Common Area or Common Area improvements pursuant to Sections 10.1 or 10.2, each Owner shall be obligated to contribute his proportionate share of the cost of repair or reconstruction over and above the available insurance proceeds. The proportionate share of each Owner shall be equal to the Owner's undivided interest in the Common Area. If any Owner fails or refuses to pay his proportionate share, the Association may levy a special assessment against the Lot of such Owner which may be enforced as a lien or in any other manner provided in this Declaration.

10.4 Repair or Reconstruction Contract. If the Owners determine to repair or reconstruct the Common Area or Common Area improvements pursuant to Sections 10.1 and 10.2, the Association or its authorized representative shall obtain bids from at least two reputable contractors and shall award the repair and reconstruction work to the lowest bidder. The Association shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and the insurance proceeds shall be disbursed to the contractor according to the terms of the contract. It shall be the obligation of the Association to take all

steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

10.5 Minor Repair and Reconstruction. The Association shall have the duty to repair and reconstruct the Common Area or Common Area improvements, without the consent of Owners, and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction to the Common Area or Common Area improvements does not exceed Twenty Thousand Dollars (\$20,000). The Association is expressly empowered to levy a special assessment for the cost of repairing and reconstructing Common Area or Common Area improvements to the extent insurance proceeds are unavailable.

11. CONDEMNATION.

11.1 Sale or Taking. After payment of all expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are ordered by the court to be paid from the amount awarded or the sale proceeds, the proceeds from any sale or taking of any or all of the Common Area or the property, real or personal, of the Association, shall be paid to all Owners and to their respective mortgagees, as their interests may appear, based upon the ratio that the fair market value of each Lot bears to the fair market value of all Lots in the La Quinta Golf Estates. The fair market value of the relative fair market value of the subject property shall mean the relative fair market value of such as of a date immediately prior to any announcement of condemnation as determined by an appraisal by an independent appraiser selected by the Association, who, for appraisals of real property, 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 fair market value of each such Lot. The cost of such appraisal shall be paid from the sale proceeds.

12. TERM OF DECLARATION.

The covenants and restrictions of this Declaration shall run with and bind the property, and shall inure to the benefit of and shall be enforceable by the Association or the owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then owners of the lots, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions in whole or in part, or to terminate the same.

13. PROTECTION OF MORTGAGEES.

13.1 Mortgage Permitted. Any Owner may encumber his Lot with a mortgage.

13.2 Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to any first mortgage that encumbers all or a portion of the La Quinta Golf Estates, or any Lot, 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 his interest, in writing, to such lien. If any Lot 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 this 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 installments thereof, that has accrued up to the time of foreclosure shall be subordinate to the lien of the mortgage, with the foreclosure-purchaser taking title to the Lot free of the lien for assessments, or installments thereof, that has accrued up to the time of the foreclosure sale. On taking title to the Lot the foreclosure-purchaser shall only be obligated to pay assessments or other charges levied or assessed by the Association after the foreclosure-purchaser acquired title to the Lot. 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 Section.

13.3 Right to Examine Books and Records. Institutional first mortgagees can examine the books and records of the Association or the La Quinta Golf Estates and can require the submission of financial data including data concerning the Association or the La Quinta Golf Estates, annual audit reports and operating statements as furnished to the Owners.

13.4 Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any right of institutional first mortgagees of Lots pursuant to their mortgages in case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Common Area. Any provision to the contrary in this Declaration or in the Bylaws or other documents relating to the La Quinta Golf Estates is to such extent void.

13.5 Notices to Mortgagees of Record. If any Owner is in default under any provision of this Declaration or under any provision of the Bylaws or the Association Rules, which default is not cured within thirty (30) days after written notice to that Owner, the Association shall give to the mortgagee of record of such Owner written notice of such default and of the fact that said thirty (30) day period has expired.

13.6 Payments by Mortgagees. Mortgagees of Lots may, jointly or severally, pay taxes or other charges which are in default and which may or have become a charge against the Common Area.

13.7 Effect of Breach. No breach of any provision of this Declaration shall invalidate the lien of any mortgage made in good faith and for value, but all of the Covenants shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

13.8 Loan to Facilitate. Any first mortgage given to secure a loan to facilitate the resale of a Lot after acquisition by foreclosure or by a deed-in-lieu of foreclosure or by an assignment-in-lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this Declaration.

13.9 Appearance at Meetings. Because of its financial interest in the La Quinta Golf Estates, any mortgagee may appear (but cannot vote) at meetings of the Owners or members and the Board to draw attention to violations of this Declaration that have not been corrected or

made the subject of remedial proceedings or assessments.

13.10 Right to Furnish Information. Any mortgagee can furnish information to the Board concerning the status of any mortgage.

13.11 Inapplicability of Right of First Refusal to Mortgagee. No right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey the Owner's Lot shall be granted to the Association without the written consent of any mortgagee of the Lot. Any right of first refusal or option to purchase a Lot that may be granted to the Association (or other person, firm or entity) shall not apply to any conveyance or transfer of title to such Lot, whether voluntary or involuntary, to a mortgagee which acquires title to or ownership of the Lot pursuant to the remedies provided in its mortgage or by reason of foreclosure of the mortgage or deed or assignment in lieu of foreclosure.

13.12 Contracts with Declarant and Managers. Any agreement between the Association and Declarant pursuant to which the Declarant agrees to provide services, and any agreement for professional management by a manager shall provide for termination by either party without cause or payment of a termination fee on thirty (30) days written notice and shall have a maximum contract term of one (1) year; provided that the Board can renew any such contract on a year-to-year basis. If the La Quinta Golf Estates is professionally maintained or managed, the Board shall not terminate professional management and assume self-management without the consent of sixty-seven percent (67%) of the voting rights of each class of members, or of all members if only one class exists, and of fifty-one percent (51%) of first mortgagees.

13.13 Amendments and Modifications. This Declaration may be amended only by the affirmative vote (in person or by proxy) or written consent of members representing a majority of the total voting power of the Association. However, the percentage of voting power necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment must be certified in a writing executed and acknowledged by the President and recorded in the Recorder's Office of the County of Riverside; [CC§§ 13551], further, all amendments affecting matters within the regulatory power of the city must be approved by the attorney for the City of La Quinta. No amendment shall adversely affect the rights of the holder of any mortgage of record prior to the recordation of such amendment.

13.14 Business and Professions Code Section 11018. All amendments or revocations of this Declaration shall comply with the provisions of California Business and Professions Code section 11018.7 to the extent said section is applicable.

13.15 Reliance on Amendments or Revocation. Any amendments or revocation made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

14. ARCHITECTURAL CONTROL.

14.1 Architectural Approval. No building, fence, wall, pool, spa, obstruction, outside or exterior wiring, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, trellis,

improvement or structure of any kind shall be commenced, installed, erected, painted or maintained upon the property, nor shall any, alteration or improvement of any kind be made thereof, or to the exterior of any residence until the same has been approved in writing by the Board or by an Architectural Committee appointed by the Board. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations, etc., shall be submitted to the Board or to the Architectural Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. A complete landscape plan specifying the materials to be used must be submitted to the Board or to the Architectural Committee for approval as to quality and design. In the event the Committee fails to approve or disapprove plans and specifications within the period specified under the Association Rules and Regulations after the same have been submitted to it, approval will not be required and the related Covenants shall be deemed to have been fully complied with. No permission or approval shall be required to repaint in accordance with Declarant's original color scheme previously approved by the Committee or the Board, or to rebuild in accordance with plans and specifications previously approved by the Committee or by the Board. Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of his residence, or to paint the interior of his residence any color desired.

14.2 Precedents Not Binding. The approval by the Association of any plans or specifications submitted for approval as herein specified shall not be deemed to be a waiver by the Association of the right to disapprove any of the features or elements embodied in such plans or specifications, if and when the same features or elements are embodied in any subsequent plans and specifications submitted for approval for use on other building sites.

14.3 Appointment of Architectural Committee.

14.3.1 The Architectural Committee shall consist of three (3) members. The Board shall have the power to appoint all of the members of this Committee. Members appointed to this Committee shall be from the membership of the Association. The members of this Committee shall not be entitled to compensation for services performed pursuant thereto.

14.3.2 The Architectural Committee and/or Board are empowered to publish guidelines for new construction and for remodeling existing improvements and Dwelling Houses. These guidelines shall interrelate with the City of La Quinta Building Codes and shall be incorporated into the Association Rules and Regulations whereupon they shall be binding upon Owners with regard to any and all construction.

15. GENERAL PROVISIONS

15.1 Headings. The headings used in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

15.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provisions.

15.3 Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver thereof.

15.4 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 herein set forth may be abated or enjoined by any Owner, any member of the Board, the manager, or the Association.

15.5 No Discriminatory Restriction. No Owner shall execute or cause to be recorded any instrument which imposes a restriction upon the sale, leasing or occupancy of his unit on the basis of race, sex, marital status, national ancestry, color or religion.

15.6 Access to Books. Any Owner may, at any reasonable time and upon reasonable notice to the Board or manager at his own expense, cause an audit or inspection to be made of the books and financial records of the Association.

15.7 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

15.8 Notification of Sale. Concurrently with the consummation of the sale of any Lot under circumstances whereby the transferee becomes an Owner of the Lot, or within five (5) business days thereafter, the transferee shall notify the Association in writing of such sale. Such notification shall set forth the name of the transferee and his mortgagee and transferor, the common address of the Lot purchased by the transferee, the transferee's and the mortgagee's mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the Board or the manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. Mailing addresses may be changed at any time upon written notification to the Association. Notices shall be deemed received forty-eight (48) hours after mailing if mailed to the transferee, or to his transferor if the Association has received no notice of transfer as above provided, by certified mail, return receipt requested, at the mailing address above specified. Notices shall also be deemed received twenty-four (24) hours after being sent by telegram or upon personal delivery to any occupant of a Lot over the age of fifteen (15) years.

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

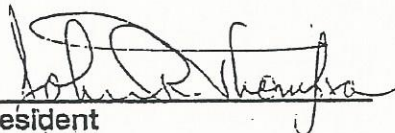
15.10 Exhibits. All exhibits referred to are attached to this Declaration and incorporated by reference.

15.11 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 Lot.

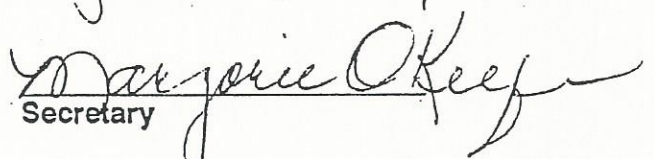
15.12 Binding Effect. This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the Owners.

IN WITNESS WHEREOF, the undersigned, being the President and Secretary of the Declarant, have executed this Declaration this _____ day of _____, 1989.

**LA QUINTA GOLF ESTATES
COMMUNITY ASSOCIATION**



President



Secretary

LA QUINTA GOLF ESTATES Community Association

SPECIAL MEETING
Saturday, April 11, 1992

MINUTES

This meeting held on Saturday, April 11, 1992 in the Frank Capra Room E, of La Quinta Hotel Golf and Tennis Resort.

There being a quorum of 137 proxies and attendees, the meeting was convened at 2:30 p.m. by President Thompson. It was noted that four members wished to abstain from voting.

The Board wishes to thank Mrs. Turi for assisting the office in counting the proxies.

Mr. Thompson stated the sole purpose of this meeting was the special vote - for or against - the changes upgrading the CC&Rs and the Bylaws and that no other business would be transacted.

He stated that an invitation had been made at the annual meeting to any member to attend the next Board meeting (February 10, 1992) to discuss their views on these changes. It was suggested that any typographical errors be corrected, specifically 7.6 which improperly referenced Section 9.4 and restated for clarity that particular sentence in Section 7.6 concerning majority voting by:

adding the words:

"representing a majority of the total voting power of the Association"

and deleting:

"a majority".

Association Attorney William Hanlin called a public meeting wherein he explained the sole purpose of the meeting was to vote for finalization of the CC&Rs and Bylaws. At this point, it was moved, seconded and unanimously carried that changes stated above be made (copy herewith attached).

The meeting was reconvened at 3:05 p.m.

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It was moved and seconded that a vote be taken on accepting the Bylaws:

Voting against: 21
Voting for: 112

The Bylaws have been accepted by majority vote.

It was moved and seconded that a vote for acceptance of the CC&Rs be taken.

Voting against: 23
Voting for: 110.

The CC&Rs have been accepted by majority vote.

There being no further business, it was moved, seconded and carried that the meeting be adjourned at 4:10 p.m.

Respectfully submitted,

Anne Tuttle
Assistant Secretary/
Assistant Treasurer