

**CAMEO COMMUNITY ASSOCIATION
COVENANTS, CONDITIONS AND RESTRICTIONS (CC&Rs)**

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
CAMEO SHORES AND HIGHLANDS
ORANGE COUNTY, CALIFORNIA**

THIS DECLARATION, made this 4th day of March, 1974, by THE IRVINE COMPANY, a West Virginia corporation ("Irvine"). As used herein the "Declarant" shall mean Irvine, its successors and assigns. Irvine is the lessor under master leases pertaining to the Covered Property, one of which was recorded August 28, 1958 in Book 4399, Page 499 of Official Records of Orange County, California (Cameo Shores) and the other of which was recorded September 22, 1960 in Book 5428, Page 533 of Official Records of Orange County, California (Cameo Highlands). Said leases as variously assigned and amended are herein referred to as the "Master Leases." The lessees under the Master Leases shall herein be referred to as the "Master Lessees." Master Lessees have executed subleases to the Lots in the Covered Property which subleases have been recorded (herein "Sublease" or "Subleases").

RECITALS

- A. Irvine is the fee owner of the real property described in Exhibit A to this Declaration which shall be the initial Covered Property under this Declaration. This Declaration is being imposed by Declarant upon the Covered Property.
- B. Declarant has deemed it desirable to establish covenants, conditions and restrictions upon the Covered Property and each and every Lot and portion thereof, which will constitute a general scheme for the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness thereof.
- C. It is desirable for the efficient preservation of the value, desirability and attractiveness of the Covered Property to create a corporation to which should be delegated and assigned the powers of maintaining and administering the Common Area and administering and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to.
- D. Cameo Community Association, a nonprofit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.
- E. Declarant will hereafter hold and convey title to all of the Covered Property subject to certain protective covenants, conditions and restrictions hereafter set forth.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of its interests as the same may from time to time appear in the Covered Property shall be held and conveyed subject to the following covenants, conditions, restrictions and easements which are hereby declared to be for the benefit of said interests in the Covered Property, and the owners of said interests, their successors and assigns. These covenants, conditions, restrictions and easements shall run with said interests and shall be binding upon all parties having or acquiring any right or title in said interests or any part thereof, and shall inure to the benefit of each Owner thereof and are imposed upon said interests and every part thereof as a servitude in favor of each and every of said interests as the dominant tenement or tenements.

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ARTICLE I

Definitions

The following terms used in these covenants, conditions and restrictions shall be applicable to this Declaration and are defined as follows:

Section 1: “Architectural Committee” shall mean and refer to the committee provided for in the Article hereof entitled “Architectural Control.”

Section 2: “Articles” and “Bylaws” shall mean and refer to the Articles of Incorporation and Bylaws of the Association as the same may from time to time be duly amended.

Section 3: “Assessments”: The following meanings shall be given to the assessments hereinafter defined:

“Regular Assessment” shall mean the portion of the costs of maintaining, improving, repairing, managing and operating the Common Area, which is to be paid by each Owner to the Association for Common Expenses.

“Special Assessment” shall mean a charge against a particular Owner and his interest in a Lot, directly attributable to the Owner, equal to the cost incurred by the Association for corrective action performed, or attorney’s fees and other charges payable by such Owner, pursuant to the provisions of this Declaration, plus interest thereon as provided for in this Declaration.

“Reconstruction Assessment” shall mean a charge against each Owner and his interest in a Lot, representing a portion of the cost to the Association for reconstruction of any portion or portions of the Common Area (if any) pursuant to the provisions of this Declaration.

“Capital Improvement Assessment” shall mean a charge against each Owner and his interest in a Lot, representing a portion of the cost to the Association for installation or construction of any capital improvements on any of the Common Areas which the Association may from time to time authorize.

Section 4: “Association” shall mean and refer to Cameo Community Association, a nonprofit corporation, incorporated under the laws of the State of California, its successors and assigns.

Section 5: “Common Area” shall mean all real property, if any, and the improvements thereon, owned, leased, or licensed from time to time by the Association for the common use and enjoyment of the members of the Association, which upon the date of the first conveyance of a Lot subject hereto shall be that certain property described in Exhibit B.

Section 6: “Common Expenses” shall mean and refer to the actual and estimated costs of: maintenance, management, operation, repair and replacement of the Common Area, including unpaid special, reconstruction and Capital Improvement Assessments; costs of management and administration of the Association, including but not limited to compensation paid by the Association to managers, accountants, attorneys, and other employees; the costs of utilities, trash pick—up and disposal, gardening and other services benefiting the Common Area; the costs of fire, casualty, liability, workmen’s compensation and other insurance covering the Common Area; reasonable reserves as appropriate; the costs of bonding of the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Area or portions thereof; costs incurred by the Architectural Committee; and the costs of any other item or items designated

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by, or in accordance with other expenses incurred by the Association for any reason whatsoever in connection with the Common Area, this Declaration, the Articles of Incorporation or the Bylaws or in furtherance of the purposes of the Association.

Section 7: “Covered Property” shall mean and refer to all the real property known as and particularly described on Exhibit A hereto and, subsequent to the annexation thereof pursuant to this Declaration, any real property which shall become subject to this Declaration.

Section 8: “Exhibit” shall mean and refer to those documents so designated herein and attached hereto and each of such Exhibits is by this reference incorporated in this Declaration.

Section 9: “Lot” shall mean and refer to a recorded Lot within any tract to the extent such Lots are part of the Covered Property; provided, however, Lot shall not include any parcel which is Common Area.

Section 10: “Member” shall mean and refer to every person or entity who is a member in the Association pursuant to this Declaration. “Member” shall also mean and refer to Declarant so long as Declarant is an “Owner” as hereinafter defined.

Section 11: “Owner” shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Lot, including Declarant, or the record lessee of a Lot under a lease with Declarant which is subject to assessment pursuant to this Declaration, or the vendee of a Lot under an installment sales contract, or a sublessee subject to assessment, but excluding those having such interest merely as security for the performance of an obligation. If a Lot is leased by Declarant subsequent to the recording of this Declaration, the lessee and not Declarant shall be deemed the Owner. If a Sublessee has, subsequent to the recording of this Declaration consented to his interest in a Lot being subject to this Declaration, said Sublessee and not Declarant shall be deemed the Owner if fee title to a Lot is owned other than by Declarant, the owner of the fee title and not the lessee of such Lot shall be deemed the Owner.

Section 12: “Structure” shall mean and refer to anything erected, constructed, placed or installed upon (i) the portion of a Lot between the front or side of a dwelling and any contiguous street, or (ii) upon the portion of a Lot behind a dwelling and to a height of three (3) feet or more above the established ground level.

Section 13: “Common Facilities” shall mean all personal property owned by the Association for the common use and enjoyment of the Members.

Section 14: “Dwelling” shall mean the residential dwelling unit together with garages and other structures on the same lot.

Section 15: “Board” shall mean the Board of Directors of the Association.

Section 16: “Leasehold” and “Subleasehold” shall mean an interest in a Lot pursuant to a recorded Sublease.

ARTICLE II

Membership

Section 1: Membership. Every Owner shall be a Member of the Association. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition,

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be subject to the terms and provisions of the Articles of Incorporation and the Bylaws of the Association to the extent the provisions thereof are not in conflict with this Declaration. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Membership of Owners shall be appurtenant to and may not be separated from the fee, leasehold or Subleasehold ownership of any Lot which is subject to assessment by the Association. Ownership of a Lot shall be the sole qualification for membership. Not more than one membership shall exist based upon ownership of a single Lot.

Section 2: Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the conveyance or encumbrance of such Lot, lease, or Sublease, and then only to the purchaser or Deed of Trust holder of such Lot, lease or Sublease. Any attempt to make a prohibited, transfer is void and will not be reflected upon the books and records of the Association. In the event an Owner should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot, lease or Sublease, the Association shall have the right to record the transfer upon the books of the Association.

Section 3: Voting Rights. The Association shall have only one class of membership. There shall be allowed one vote for each Lot. When more than one person owns a portion of the interest required for membership, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot. Said voting rights shall be subject to the restrictions and limitations provided hereinafter and in the Articles and Bylaws of the Association.

ARTICLE III

Covenant for Maintenance Assessments

Section 1: Creation of the Lien and Personal Obligation of Assessments. Each person or entity who (a) subsequent to the recording of this Declaration, whether or not expressed in the instrument of conveyance, has acquired (i) from anyone a fee interest in a Lot, or (ii) from Declarant a leasehold interest in a Lot, or (b) acquired a Subleasehold prior to the recording of this Declaration and, subsequent to the recording of this Declaration, has consented to his interest in a Lot being subject to this Declaration, shall be a Member of the Association and is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments, Capital Improvement Assessments and Reconstruction Assessments, such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge upon the interest of the Owner in such Lot and shall be a continuing lien upon the interest of the Owner of such Lot against which each such assessment is made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner at the time when the Assessment fell due. From and after the time the Owner of a Lot becomes subject to Assessments as hereinabove provided, such covenant to pay Assessments shall burden and run with the Lot and each successive Owner of such Lot shall likewise be subject to such covenant and be a Member.

Section 2: Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Members and enhancing the value of the Covered Property including, without limitation, the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area.

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Section 3: Regular Assessments. The amount and time of payment of Assessments shall be determined by the Board of Directors of the Association pursuant to the Articles and Bylaws after giving due consideration to the current maintenance costs and future needs of the Association. Not later than thirty (30) days prior to the beginning of each fiscal year, the Association shall estimate the total Common Expenses to be incurred for the forthcoming fiscal year. The Board shall then determine the amount of the Regular Assessment against each Owner. Written notice of the annual Regular Assessments shall be sent to every Owner. Each Owner shall thereafter pay to the Association his Regular Assessment in installments as established by the Association. In the event the Association shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total Common Expenses and determine the revised amount of Regular Assessment against each Owner.

Section 4: Capital Improvement Assessments. In addition to the Regular Assessments, the Association may, in accordance with its Bylaws as the same may from time to time exist, levy in any calendar year, a Capital Improvement Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction of a described capital improvement upon the Common Area to the extent the same is not covered by the provisions effecting Reconstruction Assessments in the Articles hereof entitled "Destruction of Improvements," including the necessary fixtures and personal property related thereto.

Section 5: Uniform Rate of Assessment. Regular, Reconstruction and Capital Improvements Assessments shall be fixed at a uniform rate for all Lots and may be collected at intervals selected by the Board.

Section 6: Certificate of Payment. The Association shall, upon demand, furnish to any Member liable for Assessments, a certificate in writing signed by an officer of the Association, setting forth whether the Assessments on a specified Lot have been paid, and the amount of delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 7: Exempt Property. The following portions of the Covered Property shall be exempt from the Assessments created herein: (a) all properties dedicated to and accepted by a local public authority; and (b) the Common Area. However, no land or improvements devoted to dwelling use shall be exempt from said Assessments.

Section 8: Special Assessments. Special Assessments shall be levied by the Board of Directors of the Association against Lots with respect to which particular costs have been incurred by the Association. In the event the Association undertakes to provide materials or services which benefit individual Lots and which can be accepted or not by individual Owners, such Owners in accepting such materials or services may agree in writing that statements therefore from the Association shall be Special Assessments.

Section 9: No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitations, a claim that the Association is not properly exercising its duties of maintenance or enforcement.

Section 10: Irvine Not Subject to Assessment. Irvine, as the holder of a fee interest in all or part of the Covered Property subject to a recorded leasehold or Subleasehold, shall not be subject to the covenant for Assessments.

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ARTICLE IV

Nonpayment of Assessments

Section 1: Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the delinquency date, a late charge of Ten Dollars (\$10.00) shall be levied and the Assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum. The Association may, at its option, bring an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in Section 2 hereof, to foreclose the lien against the Owner's interest in the Lot. If action is commenced, there shall be added to the amount of such Assessment the late charge, interest, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said late charge, interest and a reasonable attorney's fee, together with the costs of action. Each Member vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent Assessments.

Section 2: Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the office of the County Recorder in which County the properties are located; said notice of claim of lien must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid Assessment at the rate of ten percent (10%) per annum, a late charge of up to Ten Dollars (\$10.00), plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant.

Section 3: Foreclosure Sale. Said Assessment lien may be enforced by sale by the Association, its attorney or any other person authorized to make the sale after failure of the Owner to make the payments specified in the notice of claim of lien within said thirty (30) day period. Any such sale provided for above is to be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c of the Civil Code of the State of California, applicable to the exercise of powers of sale in mortgages and Deeds of Trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the Lot, using Association funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same.

Section 4: Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifteen Dollars (\$15.00), to cover the costs of preparing and filing or recording such release together with the payment of such other costs, interest or fees as shall have been incurred.

Section 5: Cumulative Remedies. The Assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments, as above provided.

Section 6: Subordination of Assessment Liens. If any Lot subject to a monetary lien created by any provision hereof shall be subject to the lien of a Deed of Trust: (1) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such Deed of Trust; and (2) the foreclosure of the lien of Deed of Trust, the acceptance of a deed in lieu of foreclosure of the

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Deed of Trust or sale under a power of sale included in such Deed of Trust shall not operate to affect or impair the lien hereof, except that the lien hereof for said charges as shall have accrued up to the foreclosure, the acceptance of the deed in lieu of foreclosure or sale under said power of sale shall be subordinate to the lien of the Deed of Trust, with the foreclosure-purchaser, deed-in-lieu grantee or purchaser at such sale taking title free of the lien hereof for all said charges that have accrued up to the time of the foreclosure, deed given in lieu of foreclosure or sale under said power of sale, but subject to the lien hereof for all said charges that shall accrue subsequent to the foreclosure, deed given in lieu of foreclosure or sale under said power of sale.

ARTICLE V

Architectural Control

Section 1: Approval and Conformity of Plans. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Covered Property, nor shall any exterior addition to or change or alteration in any such structure, including without limitation, patio covers and antennas, be made:

- (a) until there has been approved by the Architectural Committee described below, plans and specifications showing the nature, kind, shape, height, materials, exterior color and surface, and location of such structures. Before granting such approval, the Architectural Committee shall have in its reasonable judgment determined that the plans and specifications conform to such architectural standards, if any, as may from time to time be adopted by the Board ("Architectural Standards"), and provide for a structure which is in harmony as to external design and location with surrounding structures and topography; and
- (b) which are not constructed in accordance with such approved plans and specifications.

Such plans and specifications are not approved for engineering design, and by approving such plans and specifications neither the Architectural Committee, the members thereof, the Association nor Declarant assumes liability or responsibility therefore, or for any defect in any structure constructed from such plans and specifications. In the event the Architectural Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the same have been submitted to it, and provided that there is submitted to the Architectural Committee the certificate of a licensed architect stating that in his judgment the plans and specifications submitted are substantially in conformance with the Architectural Standards, such plans and specifications will be deemed approved.

Section 2: Landscaping Approval. No trees, bushes, shrubs, or plants shall be maintained upon any Lot which, without clipping or pruning thereof, in the reasonable opinion of the Architectural Committee, unduly impede or detract from the view of any Lot. The Architectural Committee shall have the right to require any Member to remove, trim, top or prune any tree, bush, shrub or plant which, in the reasonable opinion of the Architectural Committee, impedes or detracts from the view of any Lot. The Association may from time to time adopt landscaping standards which shall govern the planting and emplacement of trees, bushes, shrubs or plants from and after the date of adoption of such standards by the Board ("Landscaping Standards").

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Section 3: Appointment of Architectural Committee. The Architectural Committee shall be appointed by the Board of Directors of the Association to serve for one (1) year, concurrently with the term of the Board of Directors, and be composed of three (3) or more representatives who need not be Members of the Association.

Section 4: Variance Procedure. In the event plans and specifications submitted to the Architectural Committee are disapproved thereby for the reason that in the judgment of the Architectural Committee such plans and specifications are not in conformity with the Architectural Standards, the party or parties making such submission may submit a Request for Variance. Said Request shall be reviewed by the Architectural Committee whose written recommendations of approval or disapproval shall be submitted to the Board of Directors of the Association. The Board of Directors shall, in writing, either approve or disapprove the Request for Variance. In the event the Board of Directors fails to approve or disapprove said Request within sixty (60) days after said Request has been submitted to the Architectural Committee, said Request shall be deemed approved.

Section 5: Conformity of Completed Buildings. Subsection (b) of Section 1 of this Article V shall be deemed to have been complied with if, upon the completion of construction, there is mailed to the Architectural Committee the certificate of a licensed architect or other person acceptable to the Architectural Committee stating that the structures upon the property have been erected in substantial conformity with plans and specifications approved or deemed approved by the Architectural Committee.

Section 6: General Provisions.

(a) The Architectural Committee may establish reasonable rules, subject to adoption by the Board, in connection with its review of plans and specifications, including, without limitation, the number of sets to be submitted, the payment of a fee not to exceed Fifty Dollars (\$50.00) for each set of plans, providing that approval or disapproval of plans and specifications may be made by one or more of the Members of the Architectural Committee and providing for one or more subcommittees, the members of which shall be appointed by the Architectural Committee subject to confirmation by the Board and to which plan review responsibilities may be delegated. Unless such rules are complied with, such plans and specifications shall be deemed not submitted.

(b) The address of the Committee is 3810 EAST COAST HIGHWAY, SUITE 4, CORONA DEL MAR, CALIFORNIA 92625, or such other place as may from time to time be designated by the Architectural Committee by a written instrument recorded in the office of the County Recorder of THE COUNTY IN WHICH SAID COMMITTEE IS CONDUCTING BUSINESS; and the last instrument so recorded shall be deemed the Architectural Committee's proper address. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Standards and Landscaping Standards, if any, shall be kept.

ARTICLE VI

Duties and Powers of the Association

Section 1: General Duties and Powers. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

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- (a) enforce the provisions of this Declaration by appropriate means, including without limitation, the expenditure of funds of the Association, the employment of legal counsel and the commencement of actions;
- (b) own, maintain and otherwise manage all of the Common Areas and all facilities, improvements and landscaping thereon, and all other property acquired by the Association;
- (c) pay any real and personal property taxes and other charges assessed against the Common Areas;
- (d) obtain, for the benefit of all of the Common Areas, all water, gas and electric services and refuse collections;
- (e) grant easements where necessary for utilities and sewer facilities over the Common Area to serve the Common Areas;
- (f) maintain such policy or policies of insurance as the Board of Directors of the Association deems necessary or desirable in furthering the purposes of and protecting the interest of the Association and its Members;
- (g) employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;
- (h) establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Directors of the Association; and

Section 2: Association Rules. The Association shall also have the power to adopt, amend and repeal such rules and regulations as it deems reasonable (the Association Rules). The Association Rules shall govern the use of the Common Area and Common Facilities; provided, however, that the Association Rules may not discriminate among owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery said Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of any conflict between any such Association Rules and any other provisions of this~ Declaration, or the Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such inconsistency.

ARTICLE VII

Owner's Maintenance and Installation Obligations

Section 1: Maintenance and Installation. Every Owner shall maintain landscaping upon his Lot and the exterior of his dwelling, walls, fences and roof of his dwelling in good condition and repair.

Section 2: Standards for Maintenance and Installation.

- (a) Maintenance of the exterior of the dwellings, walls, fences and roofs shall be accomplished in accordance with the Architectural Standards and, if required, by this Declaration, only after approval of the Architectural Committee; and

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(b) The maintenance of landscaping as hereinabove required shall be accomplished in accordance with the Landscaping Standards and, if required by this Declaration, only after approval by the Architectural Committee.

Section 3: Rights of Association to Maintain and Install. In the event any Owner fails to maintain the exterior of this dwelling, walls, fences and roof or to install and thereafter maintain landscaping on his Lot in accordance with Section 1 and 2 of this Article, the Association may cause such maintenance and installation to be accomplished as hereinafter set forth.

(a) Upon a finding by the Board of a deficiency in such maintenance or installation, the Board may give a Notice of Deficiency to the responsible Owner which shall briefly describe the deficiency and set a date for hearing before the Board or a committee selected by the Board for such purpose.

(b) Such hearing shall be held, if called, not less than ten (10) nor more than thirty (30) days from the date of the Notice.

(c) Such hearing shall be conducted according to such reasonable rules and procedures as the Board shall adopt. A decision by such committee, if appointed, may be appealed to the Board, but a decision of the Board shall be final.

(d) If such committee by majority vote determines that a deficiency continues to exist and such decision is not appealed to the Board or if the Board determines that a deficiency continues to exist, the Board may cause such maintenance or installation to be accomplished.

(e) If the Board elects to cause such maintenance or installation to be accomplished, the Board shall give the Owner ten (10) days following notice to the Owner of such election by the Board within which to select a day or days not less than fifteen (15) nor more than forty—five (45) days following such selection by the Owner upon which such maintenance or installation shall be accomplished. If within said ten (10) day period the Owner has not so selected such day or days, the Board may select such day or days which shall not be less than twenty—five (25) nor more than fifty—five (55) days from the date of such notice of election to the Owner. Unless the Owner and the Board otherwise agree, such maintenance or installation shall take place only during daylight hours on any day, Monday through Friday, excluding holidays.

(f) If the Association pays for all or any portion of such maintenance or installation, such amount shall be a Special Assessment to the affected Owner and Lot.

(g) If such Owner does not select a day or days upon which such maintenance or installation is to be accomplished or otherwise agree in writing that entry onto such lot may be had by the Association or its delegates for such purpose, the Association may seek appropriate judicial relief and the costs thereof together with reasonable attorneys' fees shall be borne by such Owner and be likewise a Special Assessment.

ARTICLE VIII

Insurance

Section 1: Types. The Association shall obtain and continue to effect adequate blanket public liability insurance, casualty insurance and fire insurance with extended coverage for the full insurable value of the Common Area. Such insurance shall be maintained by the Association for the benefit of the Association. The Association may purchase such other insurance as it may deem necessary, including but not limited to

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plate-glass insurance, fidelity bonds, workmen's compensation and officers' and directors' liability insurance.

Section 2: *Premiums and Proceeds.* Insurance premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Association shall be a Common Expense to be included in the Regular Assessments levied by the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried, or otherwise disposed of as provided in the Article entitled "Destruction of Improvements" in this Declaration. The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association.

ARTICLE IX

Destruction of Improvements

In the event of partial or total destruction of improvements upon the Common Area, it shall be the duty of the Association to restore and repair the same to its former condition as promptly as practical. The proceeds of any insurance maintained pursuant hereto shall be used for such purpose, subject to the prior rights of beneficiaries of deeds of trust whose interest may be protected by said policies. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least eighty—five percent (85%) of the estimated cost of restoration and repair or the cost not covered by insurance proceeds is less than One Hundred Thousand Dollars (\$100,000.) a Reconstruction Assessment, with each Owner contributing a like sum, may be levied by the Association to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than eighty—five percent (85%) of the estimated cost of restoration and repair or greater than One Hundred Thousand Dollars (\$100,000.), the improvements shall not be replaced or restored unless a majority of the voting power of the Association agrees in writing to such replacement or restoration. In the event of a determination by vote, as provided above, not to replace or restore the improvements on the Common Area, the Common Area shall be cleared and landscaped for community park use and the costs thereof shall be paid for with insurance proceeds, and any deficiency may be raised by Reconstruction Assessment in an amount determined by the Board of Directors of the Association. In the event any excess insurance proceeds remain, the Board of Directors of the Association, in its sole discretion, may retain such sums in the general funds of the Association or distribute pro rata all or a portion thereof to the Members.

ARTICLE X

Eminent Domain

The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Common Area, the Members hereby appoint the Board of Directors of the Association and such persons as the Board may delegate to represent all of the Members in connection with the taking. The Board of Directors shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemner in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Association. In the event of a taking of less than all of

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the Common Area, the rules as to restoration and replacement of the Common Area and the improvements thereon shall apply as in the case of destruction of improvements upon the Common Area. In the event of a total taking, the Board of Directors of the Association may in its sole discretion retain any award in the general funds of the Association or distribute pro rata all or a portion thereof to the Members.

ARTICLE XI

Use Restrictions

Section 1: All Lots shall be known and described as residential Lots and shall be used for no purpose other than residential purposes, save and except the Lots owned by the Association. No building shall be erected, altered, placed or permitted to remain on any such Lot other than a building used as a single family dwelling.

Section 2: No part of the Covered Property shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such nonresidential purposes.

Section 3: No sign or billboard of any kind shall be displayed to the public view on any portion of the Covered Property, except one sign for each Lot, of not more than eighteen (18) inches by twenty—five (25) inches, advertising the Lot for sale or rent.

Section 4: No noxious or offensive trade or activity shall be carried on upon any Lot, or any part of the Covered Property nor shall anything be done thereon which may be, or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective dwelling unit, or which shall in any way increase the rate of insurance.

Section 5: No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other out-building shall hereafter be used on any Lot at any time as a residence, either temporarily or permanently.

Section 6: No trailer, camper, boat or similar equipment shall hereafter be permitted to remain on any Lot, unless placed or maintained with an enclosed garage or carport, nor permitted to be parked, other than temporarily, on any street, alley, or Common Area within the Covered Property. Temporary parking shall mean parking of vehicles belonging to guests of Owners, delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of services to the Association or the Owners and parking of vehicles belonging to or being used by Owners for loading and unloading purposes. The Board of Directors of the Association may adopt rules for the regulation of the admission and parking of vehicles within the Common Area, including the assessment of charges to Owners who violate, or whose invitees violate, such rules. Any charges so assessed shall be Special Assessments.

Section 7: No animals, livestock or poultry of any kind, shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept on the Lots, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board of Directors. Notwithstanding the foregoing, no animals or fowl may be kept on the Lots which result in an annoyance or are obnoxious to residents in the vicinity.

Section 8: No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot nor shall oil wells, tanks, tunnels, or mineral excavations or shafts be permitted upon the surface of any Lot or within five hundred (500) feet below the surface of such

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properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 9: All rubbish, trash and garbage shall be regularly removed from the Lots and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles, storage areas and machinery and equipment shall be prohibited upon any Lot, unless obscured from view of adjoining Lots and trees, by a fence or appropriate screen.

Section 10: No television, radio, or other electronic antenna or device of any type shall hereafter be erected, constructed, placed or permitted to remain on any of the Lots, or upon any of the houses or buildings constructed on such Lots unless and until the same shall have been approved in writing by the Architectural Committee, or unless the same be contained within a house or building.

ARTICLE XII

Rights in the Common Area

Section 1: Members' Right of Enjoyment. Every Member and the family and guests of a Member shall have a right of enjoyment in and to the Common Area, if any, and such right shall be appurtenant to and shall pass with the fee or leasehold title to every lot, subject to the following provisions:

- (a) The right of the Association to limit the number of guests of Members and to limit the use of the Common Area by persons not in possession of a Lot, but owning a portion of the interest in a Lot required for membership.
- (b) The right of the Association to establish reasonable rules and regulations pertaining to the use of the Common Area and the recreational facilities thereof.
- (c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof, to mortgage said property, provided that the rights of such mortgages shall be subordinated to the rights of the Members.
- (d) The right of the Association to suspend the voting rights and/or the right to use of the recreational facilities, if any, by a Member for any period during which any assessment against his Lot remains unpaid and delinquent; and for infraction of the rules and regulations of the Association, provided that any suspension of such right to use the recreational facilities, except for failure to pay assessments, shall be made only by the Association or a duly appointed committee thereof, after notice and hearing given and held in accordance with the Bylaws of the Association.
- (e) The right of the Association to dedicate 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 Members; provided, however, that Parcel II described on Exhibit B shall not be subject to such dedication or transfer. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast the majority of the votes of the membership has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance.

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Section 2: Delegation of Use. Any Member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, or his tenants who reside on his lot.

Section 3: Waiver of Use. No Member may exempt himself from personal liability for assessments duly levied by the Association, nor release the Lot owned by him from the liens and charges hereof, by waive of the use and enjoyment of the Common Area and the facilities thereon, or the abandonment of his Lot.

**ARTICLE XIII
Easements**

Section 1: The rights and duties of the Owners with respect to water, sewer, electricity, gas, telephone, cable television lines and drainage facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, the Owner of any Lot served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefore, to enter upon the Lots owned by others, or to have the utility companies enter upon the Lots owned by others, in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below.

(b) Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone or cable television lines or drainage facilities are installed within the Covered Property, which connections serve more than one (1) Lot, the Owner of each Lot served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his Lot.

Section 2: Easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as shown on the recorded tract maps of the Covered Property, are hereby reserved by Irvine, its successors and assigns, together with the right to grant and transfer the same.

Section 3: There is hereby reserved to Irvine, its successors and assigns, together with the right to grant and transfer the same, all oil, oil rights, minerals, mineral rights, natural gas rights, and other hydrocarbons by whatsoever name known that may be within or under the parcel of land hereinabove described together with the perpetual right of drilling, mining, exploring and operating therefore and storing in and removing the same from said land or any other land, including the right to whipstock or directionally drill and mine from lands other than those hereinabove described, oil or gas wells, tunnels and shafts into, through or across the subsurface of the land hereinabove described and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to re-drill, re-tunnel, equip, maintain, repair, deepen and operate any such wells or mines without, however, the right to drill, mine, store, explore and operate through the surface or the upper 500 feet of the subsurface of the land hereinabove described.

Section 4: There is hereby reserved to Irvine, its successors and assigns, for the benefit of the Association and its Members, together with the right to grant and transfer the same to the Association and/or all of the Owners, the following nonexclusive easements which shall be appurtenant to the Lots:

(a) For beach and recreational purposes over that portion Lots 141 to 159, inclusive of Tract 3357 (which is part of the Covered Property), lying between the line shown as "Boundary of Beach Area"

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and the line shown as "Ordinary High Tide Line of The Pacific Ocean as surveyed February 1958" as shown on the map of said tract; and

(b) For pedestrian walkway purposes over the northwesterly five (5) feet of Lot 151 and the southeasterly five (5) feet of Lot 152 of said Tract 3357 as shown on~ said tract map;

(c) For pedestrian walkway purposes over the northwesterly five (5) feet of Lot 143 and the southeasterly five (5) feet of Lot 144 of said Tract 3357 as shown on said tract map, subject to an easement for drainage purposes as shown on said tract map; and

(d) For driveway and pedestrian walkway purposes of that portion of Lot 159 of said Tract 3357 as shown on said tract map; and

(e) For pedestrian walkway purposes over Lot A of said Tract 3357.

ARTICLE XIV

ANNEXATION OF ADDITIONAL PROPERTY

Real property may be annexed to and become subject to this Declaration by any of the methods set forth hereinafter in this Article, as follows:

Section 1: Annexation Pursuant to Approval. Upon approval in writing of the Association, pursuant to a two-thirds (2/3) majority of the voting power of its Members, or the written assent of such Members, excluding the voting power or written assent of the owner of any of the real property sought to be annexed, any person who desires to add such property to the plan of this Declaration and to subject such property to the jurisdiction of the Association, may file of record a Supplementary Declaration, as described in Section 3 of this Article.

Section 2: Supplementary Declarations. The annexations authorized under the foregoing sections shall be made by filing of record a Supplementary Declaration of Covenants, Conditions and Restrictions, or similar instrument, with respect to the additional property which shall extend the plans of this Declaration to such property.

Such Supplementary Declarations contemplated above may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration in no event, however, shall any such Supplementary Declaration, merger or consolidation revoke, modify or add to the covenants established by this Declaration within the existing property, except as hereinafter otherwise provided.

Section 3: Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, the Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration within the Covered Property, together with the covenants and restrictions established upon any other property as one plan.

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ARTICLE XV

General Provisions

Section 1: Enforcement. The Association, or any Owner whose Lot is subject to Assessments, shall have the right to enforce by proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration or any amendment hereto, including the right to prevent the violation of any such restrictions, conditions, covenants or reservations and the right to recover damages or other dues for such violation; provided, however, that with respect of assessment liens, the Association shall have the exclusive right to the enforcement thereof. Failure by the Association or by any Member to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3: Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by the Association or any Member, their respective legal representatives, heirs, successors and assigns, for a term of sixty~.4AD..Ly.ears from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority o the then Members has been recorded, agreeing to change said covenants, conditions and restrictions in whole or in part.

Section 4: Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the maintenance of the Covered Property and the common recreational facilities and Common Area. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5: Amendments. This Declaration of Covenants, Conditions and Restrictions may be amended only by the affirmative written assent or vote of not less than seventy-five percent (75%) o the Owners, and, further, this amendment provision shall not be amended to allow amendments by the written assent or vote of less than seventy-five percent (75%) of the Owners; provided, however, that Article 6 and Article XV, Section 6 shall not be amended without the consent of the lien holder under any recorded deed of trust.

Section 6: Mortgage Protection Clause. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Lot.

Section 7: Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 8: Nuisance. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement, or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Association or any Member. Such remedy shall be deemed cumulative and not exclusive.

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Section 9: Attorney's Fees. In the event action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys' fees and costs of such suit. In the event the Association is a prevailing party in such action, the amount of such attorneys' fees and costs shall be a Special Assessment with respect to the Lot involved in the action.

Section 10: Notices. In each instance in which notice is to be given to an Owner, the same shall be in writing and may be delivered personally, in which case personal delivery of such notice to one or two or more co-Owners shall be deemed delivery to all the co-Owners, or such notice may be delivered by United States mail, certified or registered, postage prepaid, return receipt requested, to the Owner at the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Lot, and any notice so deposited in the mail within Orange County, California, shall be deemed delivered forty-eight (48) hours after such deposit.

Section 11: Effect of this Declaration. This Declaration is made with the intent to establish a general scheme for the use, occupancy and enjoyment of the Covered Property and each and every Lot and portion thereof, and Declarant makes no warranties or representations express or implied as to the binding effect or enforceability of all or any portion of this Declaration.

Section 12: Personal Covenant. To the extent the acceptance of a conveyance of a Lot creates a personal covenant between the Owner of such Lot and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an Owner except to the extent this Declaration may provide otherwise with respect to the payment of money to the Association.

Section 13: Nonliability of Officials. To the fullest extent permitted by law, neither the Board, Architectural Committee, nor committees of the Association or any Member thereof shall be liable to any member or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence made in good faith within which such Board, committees or person reasonably believed to be the scope of their duties.

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

**THE IRVINE COMPANY,
A West Virginia Corporation**

By: /s/ Frank F. Hughes
Vice President

By: /s/ John V. Sands
Assistant Secretary

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lying between the line shown as "Boundary of Beach Area" and the line shown as "Ordinary High Tide Line of the Pacific ocean as surveyed February 1958" as shown on the map of said tract; and

(b) For pedestrian walkway purposes over the northwesterly five (5) feet of Lot 151 and the southeasterly five (5) feet of Lot 152 of said Tract 3357 as shown on said tract map; and

(c) For pedestrian walkway purposes over the northwesterly five (5) feet of Lot 143 and the southeasterly five (5) feet of Lot 144 of said Tract 3357 as shown on said tract map, subject to an easement for drainage purposes as shown on said tract map; and

(c) For driveway and pedestrian walkway purposes of that portion of Lot 159 of said tract shown as "Drive and Walkway Easement" on said tract map.

PARCEL III

That portion of Block 95, Irvine's Subdivision, in the City of Newport Beach, County of Orange, State of California, as per map filed in Book 1, Page 88, Miscellaneous Record Maps, in the office of the County Recorder of said County, described as follows:

Beginning at the most Westerly corner of Lot 27, Tract No. 3357, as per map filed in Book 107, Pages 1 through 7, Miscellaneous Maps in the office of said County Recorder; thence South 580 38' 00" East 91.39 feet along the Southwesterly line of said lot and the Southeasterly prolongation of said line to the Southeasterly line of said Block 95; thence South 390 35' 00" West 573.03 feet along said southeasterly line to a point of cusp with a tangent curve in the boundary of said Tract No. 3357 concave Westerly having a radius of 430.00 feet, a radial to said point bears South 500 25' 00" East; thence along the boundary of said tract, the following courses and distances: Northerly 315.39 feet along said curve through an angle of 420 01' 30"; North 20 26' 30" West 86.00 feet to a point of cusp with a tangent curve concave Northeasterly having a radius of 15.00 feet; Southeasterly 23.56 feet along said curve through an angle of 900 00' 00"; North 870 33' 30" East 105.00 feet; North 20 26' 30" West 86.21 feet; North 650 22' 00" East 82.27 feet to the point of beginning.