

such compensation arrangement has been approved by vote or written assent of a majority of the voting power of each class of membership of the Association.

Section 7.17 Enforcement by Owners. Any Owner within the Property may by appropriate legal action enforce the provisions of this Article VII in the event that the Association fails to take remedial action within a reasonable period of time after knowledge by the Association of the particular violation.

Section 7.18 No Liability. Neither Declarant, the Association, the Architectural Committee, nor any officers, directors, employees, agents and/or members of any thereof shall be liable in damages or otherwise to anyone submitting plans or specifications to the Architectural Committee for approval, or to any Owner of Lots affected by the Restrictions or to any other person or entity for any loss, damage or injury arising out of or in any way connected with the performance of the Architectural Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Architectural Committee or any individual member thereof (in which event only those persons actually guilty of misconduct and/or bad faith shall be liable).

Section 7.19 Declarant Exemption. Notwithstanding anything herein to the contrary, Declarant is exempt from the Architectural Committee review requirements and shall not be required to comply with the provisions of this Article VII in its original development of the Property.

ARTICLE VIII.

DUTIES AND POWERS OF THE ASSOCIATION

Section 8.1 Duties and Powers of the Association. The Association shall have all of the powers of a California nonprofit mutual benefit corporation, subject only to the limitations upon the exercise of such powers as are expressly set forth in Section 8.5 below and/or elsewhere in the Restrictions. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under or by virtue of the Restrictions and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association. Subject to the provisions set forth in the Restrictions, the powers of the Association shall include, but not necessarily be limited to, the specific acts hereinafter enumerated or as set forth in the California Civil Code Section 1363 and California Corporations Code Section 7140:

(a) Own, maintain, manage and operate the Association Property and all facilities, improvements and landscaping thereon, and all other real property at any time acquired by the Association. The responsibility of the Association for

maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an Owner, or his family, guests, tenants, or invitees, the cost of which is not covered by insurance, but rather the uninsured cost thereof shall be borne by the person causing the damage.

(b) Pay real and personal property taxes or other charges, if any, assessed against the Association Property or any portion thereof.

(c) Have the authority to obtain for the benefit of the Association Property, if and to the extent applicable, water, sewer, electrical, gas and other necessary utility services as well as refuse collection, gardening and janitorial services, and to pay out of the assessments levied and collected in accordance herewith the charges and fees for the foregoing services.

(d) Discharge by payment, if necessary, any lien against the Association Property (including, without limitation, any general and/or special real property taxes and assessments which are or could become liens upon such area) and assess such costs and fees, to the Member or Members responsible for the existence of said lien. Any such general and special real property tax and/or assessment may be contested or compromised by the Association, provided that it is paid or a bond insuring its payment is posted prior to the conveyance or other disposition of any property to satisfy the payment of such taxes.

(e) Make the necessary arrangements to provide the following insurance coverages:

(i) Obtain and maintain a blanket policy or individual policies of fire insurance for one hundred percent (100%) of the full replacement value, without deduction for depreciation or coinsurance, of all of the Association Property; such policy or policies shall contain extended coverage, vandalism and malicious mischief, and replacement cost endorsements and if available, shall also contain the special extended coverage endorsement commonly known as "All Risk" coverage, stipulated amount clause and determinable cash adjustment clause, or a similar clause to permit cash settlement covering the full value of improvements on the Association Property in the event of destruction of improvements and a decision, pursuant to Article XII hereof, not to rebuild. Such policy or policies shall name as insureds the Owners and their respective Mortgagees named in endorsements, the Association, and Declarant, as their respective interests may appear, and shall contain a loss-payable endorsement in favor of the Association as Trustee. Such policy may, in the

discretion of the Board, provide for a deductible not to exceed the greater of Five Hundred Dollars (\$500.00) or one percent (1%) of the face amount of the policy applicable to either fire or extended coverage, or both, provided that any such deductible feature is acceptable to the First Mortgagees named as insureds under such fire insurance policy. Any fall of building clause must be waived. Insurance premiums for any blanket insurance policy shall be a Common Expense, and included in the regular assessments.

(ii) Obtain and maintain a policy of earthquake insurance on the Association Property to the extent such insurance is commercially and reasonable available.

(iii) Obtain and maintain a policy or policies insuring the Association, the Board, the Declarant, the Managing Agent and the Owners and agents and employees of each of the foregoing, against any liability incident to the ownership and/or use of the Association Property and Off-Tract Maintenance Areas as normally covered by comprehensive general liability insurance, and if obtainable, a cross liability to each other insured. Said policy or policies shall have a minimum liability limit of THREE MILLION DOLLARS (\$3,000,000.00) per occurrence for physical injury, death and/or property damage; such policy or policies shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent act of the Association or other Owners. The Association shall increase the minimum liability limit of the insurance policy referenced in this subsection, if necessary, to meet the minimum amounts set forth in Civil Code Section 1365.9, as may be amended.

(iv) If the Association Property is located in an area identified by the Secretary of Housing and Urban Development or any successor agency as an area having special flood hazards, then obtain and maintain a "blanket" policy of flood insurance on the Property in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Lots within the Property or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less.

(v) Obtain and maintain fidelity coverage insurance against dishonest acts on the part of directors, officers, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the Owners. The insurance or fidelity bond shall name the Association as the named insured and be written in an amount sufficient to provide

protection which is in no event less than one and one-half (1-1/2) times the Association's estimated annual operating expenses and reserves; and in connection with such coverage, an appropriate endorsement to the policy shall be obtained and maintained to cover any persons who serve without compensation if the policy would not otherwise cover volunteers. Such insurance may be carried, at the option of the Association.

(vi) Deal with any such insurance referred to in this Section 8.1 as herein provided; and the provisions of this Declaration shall control the rights and responsibilities of the Association, the Board and the Owners.

(A) The Association is hereby appointed and shall be deemed Trustee of the interests of all Owners in any insurance proceeds paid to it under any such policies, or under any policy or policies carried by the Owners in lieu of policies called for above, and shall have full power to receive and to receipt for their interests in such proceeds and to deal therewith and adjust same as provided for herein.

(B) It shall be the duty of the Association to obtain and keep in full force and effect at all times the policy or policies of insurance referred to in this Section 8.1(e), provided such insurance coverage is available and can be obtained and maintained at reasonable cost to the Association as determined in the sole discretion of the Board. If it is determined that such insurance coverage is not available at reasonable costs, then all Owners shall immediately be notified in writing and advised as to any change in coverage and/or to obtain and maintain coverage on their own behalf.

(C) So long as the Declarant, its successors and assigns retain any interest in the Property, the Association shall, from time to time, immediately upon receipt of same, cause to be deposited with Declarant true copies of all insurance policies obtained by the Association referred to in this Section 8.1.

(D) Each and every policy of insurance described herein shall contain a provision that said policy or policies shall not be materially modified, cancelled, terminated or permitted to expire by their own terms without thirty (30) days' prior written notice from insurer to the Association, Declarant, Owners and their respective

Mortgagees, as well as to every other person in interest who shall have requested such notice from the insurer.

(E) It should be understood that the Association is obligated, subject to the limitations herein provided, to provide only the insurance coverages specified in this Section 8.1(e), and that such coverages do not necessarily include intra-Lot public liability insurance nor protection against many of the risks customarily covered under insurance policies designated as "homeowners" or "broad form homeowners" policies, which risks must be insured against by the Owners individually in order for the Owners to receive insurance protection against these risks.

(F) The policies of insurance obtained by the Association as provided for in this Section 8.1(e) shall contain as appropriate the following provisions:

(1) Statements that such policies are primary and noncontributing;

(2) Statements that conduct of an Owner shall not constitute grounds for avoiding liability under such policy or policies;

(3) An express waiver of the carrier's right of subrogation against any Owner, member of the family of any Owner, the Association, the Board, the Manager, the Architectural Committee, Declarant and agents and employees of each of the foregoing.

Each hazard insurance policy to be obtained and maintained pursuant to the provisions of this Declaration must be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class B/VI or better, or from an insurance carrier which has a financial rating by Best's Insurance Reports of Class V, provided it has a general policy holder's rating of at least A.

(vii) Obtain and maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

(viii) Obtain and maintain such other policies of insurance as the Association may deem appropriate.

(f) Subject to the provisions of Section 8.5 below, have the authority to obtain the services of a person or firm to manage the Association Property and perform or cause to be performed all or any part of the duties and responsibilities of the Association (the "Manager") to the extent deemed advisable by the Association, as well as such other personnel as the Association shall determine shall be necessary or proper for the operation of the Association Property, whether such personnel are employed directly by the Association or furnished by the Manager.

(g) Have the power to establish and maintain working capital, reserve and/or contingency funds in reasonable amounts to be determined by the Board, provided that withdrawal of funds from the Association's reserve account shall require the signatures of either (i) two members of the Board who are also Members of the Association; or (ii) one member of the Board who is also a Member of the Association and an officer of the Board who is not also a Member of the Association.

Notwithstanding the foregoing, the Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, the Association Property which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. The Board, however, may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this Section. This special assessment is not subject to the limitation imposed by Section 6.4.

(h) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of repairing and/or improving the Association Property and in connection with any such borrowing, to deed in trust the Association Property; provided, however, that the rights of any beneficiary under such deed of trust shall be subordinate to the rights of the Members.

(i) Maintain the books and records of the Association and all operating and reserve accounts pertaining thereto

including, without limitation, preparation of the budgets and financial statements described in Section 8.3 below, and shall review the following:

(i) A current reconciliation of the Association's operating accounts on at least a quarterly basis;

(ii) A current reconciliation of the Association's reserve accounts on at least a quarterly basis;

(iii) The current year's actual reserve revenues and expenses compared to the current year's budget on at least a quarterly basis;

(iv) The latest account statements prepared by financial institutions where the Association has its operating and reserve accounts on at least a quarterly basis; and

(v) An income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

(j) With the approval of the Architectural Committee, construct new improvements or additions to the Association Property, or demolish existing improvements thereon; provided that, in the case of any improvements, addition or demolition (other than maintenance or repairs to existing improvements) requiring a special assessment, the Association shall first comply with all other provisions of this Declaration including, without limitation, the provisions for levying such special assessments.

(k) Have a duty to maintain and operate the Off-Tract Maintenance Areas and all drainage easements and facilities owned by the Association including, without limitation, the on-site storm drain system. All parking and paved surfaces within the Property shall be routinely vacuum-swept and cleared to reduce debris carried into the on-site drainage system.

(l) Carry out all of the duties and have all of the authority and rights provided for herein and in the Articles and Bylaws.

(m) Enforce all applicable provisions of the Declaration, Bylaws and other instruments for the ownership, management and control of the Property.

(n) Indemnify, defend, protect and hold harmless the Declarant from and against any and all claims, liabilities, actions, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) resulting from the failure of the Association to perform its

duties and obligations under the provisions of the Restrictions and under any agreements to which it is a party.

Section 8.2 Right of Entry. For the purpose of performing the maintenance authorized in this Declaration, or for construction or emergency repairs for the benefit of the Association Property or the Owners in common, or for any other purpose reasonably related to the performance by the Association of its responsibilities under this Declaration, the Association's agent or employee shall have the right to enter any Lot at reasonable hours, after reasonable notice to the Owner(s) thereof.

Section 8.3 Budget and Financial Statements. The Board shall cause budgets and financial statements for the Association to be regularly prepared, and copies shall be distributed to each member of the Association as follows:

(a) A pro forma operating statement (budget) for each Association fiscal year shall be distributed not less than forty-five (45) days nor more than sixty (60) days before the beginning of the fiscal year. The budget shall include all of the following:

(i) The estimated revenue and expenses on an accrual basis;

(ii) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 8.6 below, which shall be printed in bold type and include all of the following:

(A) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the Association Property; and
(B) the current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain major components of the Association Property.

The percentage that the amount determined for purposes of clause (2)(B) is of the amount determined for the purposes of clause (2)(A).

(iii) A statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component of the Association Property or to provide adequate reserves therefor.

(iv) A general statement addressing the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Association Property.

(b) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of recordation of a grant deed conveying the first Lot located within the Property, and an operating statement for the period from the date of the first closing to said accounting date, shall be distributed within fifty (50) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by Lot and number the name of the person assessed.

(c) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(i) A balance sheet as of the end of the fiscal year;

(ii) An operating (income) statement for the fiscal year;

(iii) A statement of changes in financial position for the fiscal year;

(iv) Any information required to be reported under Section 8322 of the California Corporations Code, concerning indemnifications and transactions with interested persons.

(d) Ordinarily the annual report referred to in Section 8.3(c) above and a review of the Association's financial statements shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00), and a copy of said review shall be distributed to each Member within one hundred twenty (120) days after the close of each fiscal year.

(e) If the report referred to in Section 8.3(c) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without independent audit or review from the books and records of the Association.

(f) A statement as to the Association's policies and practices in enforcing the lien rights or other legal remedies for the default in the payment of its assessments against its Members shall be annually delivered to the Members within sixty (60) days prior to the beginning of each fiscal year.

(g) In lieu of the distribution of the proforma operating budget required by subparagraph (a) above, the Board

of Directors may elect to distribute a summary of this budget to all its members with a written notice that the budget is available at the business office of the Association or at another suitable location within the boundaries of the Property and that copies will be provided upon request and at the expense of the Association. If any member requests a copy of the budget required by subparagraph (a) above to be mailed to the member, the Association shall provide the copy to the member by first class United States Mail at the expense of the Association and delivered within five (5) days. The written notice that is distributed to each of the Association members shall be in at least 10-point bold type of the front page of the summary of the budget.

(h) A summary of the Association's general liability policy that states all of the following:

(i) The name of the insurer.

(ii) The policy limits of the insurance.

(iii) If an insurance agent, as defined in Section 1621 of the California Insurance Code ("Insurance Code"), an insurance broker, as defined in Section 1623 of the Insurance Code, or an agent of an insurance agent or insurance broker has assisted the Association in the development of the general liability policy limits and if the recommendations of the insurance agent or insurance broker were followed.

(iv) The insurance deductibles.

(v) The person or entity that is responsible for paying the insurance deductible in the event of loss.

(vi) Whether or not the insurance coverage extends to the real property improvements of any separate interests (i.e. Lots).

(i) A summary of the Association's earthquake and flood insurance policy, if one has been issued, that states all of the following:

(i) The name of the insurer.

(ii) The policy limits of the insurance.

(iii) The insurance deductibles.

(iv) The person or entity that is responsible for paying the insurance deductible in the event of loss.

(j) A summary of the liability coverage policy for the director and officers of the Association that lists all of the following:

(i) The name of the insurer.

(ii) The limits of the insurance.

(k) Notwithstanding Sections 8.3(h), (i) and (j) above, the Association shall, as soon as reasonably practical, notify its members by first class mail if any of the policies have been cancelled and not immediately replaced. If the Association renews any of the policies or a new policy is issued to replace an insurance policy of the Association, and where there is no lapse in coverage, the Association shall notify its members of that fact in the next available mailing to all members pursuant to Section 5016 of the California Corporations Code.

(l) To the extent that the information to be disclosed pursuant to Sections 8.3(h), (i) and (j) above is specified in the insurance policy declaration page, the Association may meet the requirements of those subparagraphs by making copies of that page and distributing it to all its members.

Section 8.4 Performance of Owner's Obligations by Association. If any Owner shall fail to perform any maintenance type of obligation for which he is responsible under the Restrictions or if any Owner shall fail to make the repairs or replacements which are his responsibility under the Restrictions, then upon a vote of a majority of the Board, and after not less than thirty (30) days' notice to the Owner, the Association shall have the right (but not the obligation) to enter the Lot of such Owner and undertake any such maintenance work and/or make such repairs or replacements, and the costs thereof shall be chargeable to such Owner as an individual extraordinary charge and shall be payable to the Association by the Owner of such Lot, together with interest at the rate of ten percent (10%) per annum on amounts advanced by the Association to defray such costs from the date of advance until the date of repayment.

Section 8.5 Certain Limitations on Actions to be Taken by the Association. The Association shall not take any of the following actions, except with the approval by vote or written assent of a majority of the voting power of Members of the Association other than Declarant in accordance with the provisions of Section 5.6 of this Declaration:

(a) Enter into any contract with a third person wherein the third person will furnish goods or services for the Association Property or the Association for a term longer than one (1) year with the following exceptions:

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

(ii) 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.

(iii) Prepaid casualty or liability insurance policies of not to exceed three (3) years' duration, provided that the policy permits short-rate cancellation by the insured.

(iv) Agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five (5) years' duration, provided that the supplier of such services or equipment is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(v) Agreements for the sale or lease of burglar alarm and fire alarm equipment of not to exceed five (5) years' duration, provided that the supplier or suppliers are not entities in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(vi) A contract for a term not to exceed three (3) years that is terminable by the Association after no longer than one (1) year without cause, penalty, or other obligation upon sixty (60) days written notice of termination to the other party.

(b) Incurring aggregate expenditures for capital improvements to the Association Property in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling, 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.

(d) Paying compensation to members of the Board, the Architectural Committee and/or the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member of the Board and/or of the Architectural Committee and/or an officer of the Association to be reimbursed for expenses incurred in carrying on the activities of the Association.

(e) Filling of a vacancy on the Board created by the removal of a Board member.

Section 8.6 Periodic Reserve Account Study. At least once every three (3) years, the Board shall cause a study of the reserve account requirements of the Project to be conducted if the current replacement value of the major components of the Association Property which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half (1/2) of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. As used herein, "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace, or restore those major components of the Association Property which the Association is obligated to maintain.

The study shall, at a minimum, include:

(a) Identification of the major components of the Association Property which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

(b) Identification of the probable remaining useful life of the components identified in paragraph (a) as of the date of the study.

(c) An estimate of the cost of repair, replacement, restoration, or maintenance of the components identified in paragraph (a) during and at the end of their useful life.

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain the components identified in paragraph (a) during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

Section 8.7 Utility Easements. The Association is authorized and empowered to grant licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, telephone or cable television lines, storm drains, sprinkling systems, and other utility purposes as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Lots and/or Association Property and/or for the preservation of the health, safety, convenience and welfare of the Owners. Such licenses, easements and rights-of-way may be granted at any time prior to the later of (i) twenty-one (21) years after the death of the individuals who have signed this Declaration and their issue who are in being as of the date hereof; or (ii) such later time as may be permitted by applicable law including, without limitation,

California Civil Code Section 1310; and the right to grant such licenses, easements and rights-of-way is hereby expressly reserved in favor of Declarant with the right to grant same to the Association and/or to the others as herein contemplated; and Declarant and the Owners, upon request of the Association, shall take such actions (without being required to expend monies in connection therewith) and execute such instruments as may be reasonably necessary to implement and perfect the purposes of this Section 8.7.

Section 8.8 Liability of Board Members, Manager and Architectural Committee. No member of the Board nor of the Architectural Committee nor the Manager nor Declarant nor any officer, director, agent or employee of any of the foregoing or of the Association shall be personally liable to any Owner, or any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, the Board, the Architectural Committee, the Manager, Declarant or any of the representatives or employees of any of the foregoing, provided that such Board Member, Architectural Committee Member, the Manager or Declarant has, upon the basis of such information as may be possessed by him, acted in good faith.

Section 8.9 Delegation of Duties by Association. The Association may delegate any of its duties, powers or functions to any person, corporation or firm to act as Manager. Neither the Association nor the members of its Board shall be liable for any omission or improper exercise of the Manager of any such duty, power or function so delegated.

Section 8.10 Security Against Criminal Acts. Even though the Property may be guard-gated, each Owner by acceptance of a grant deed to his or her Lot, acknowledges that neither, the Declarant, the Association or any officer, director or Member is responsible or liable for the safety and security of persons or property within the Project. Each Owner assumes all risks associated with criminal acts of third parties on or around the Property.

Section 8.11 Commencement of the Association's Management Responsibility.

(a) The Association's obligation to maintain, operate and/or manage areas within the Original Property to be maintained, operated and/or managed by the Association as called for in this Article VIII above, shall commence as to all such areas on the date of the recordation of a grant deed conveying the first Lot located within the Original Property.

(b) The Association's obligation to maintain, operate, manage and/or administer areas located within the boundaries of the Additional Property which may be hereafter annexed pursuant to the annexation provisions of this Declaration, which areas are to be maintained, operated, managed and/or

administered by the Association as called for in this Declaration or in any Supplemental Declaration hereafter recorded, shall commence as to all such areas on the date of the recordation of a grant deed conveying the first Lot located within such Additional Property so annexed.

ARTICLE IX.

ESTABLISHMENT AND RESERVATION OF EASEMENTS

Section 9.1 Establishment of Utility and Drainage Easements. The rights and duties of the Owners of Lots within the Property with respect to drainage facilities, sewer, water, electricity, gas, telephone and cable television lines (if any), and other utility lines and facilities shall be governed by the following:

(a) Wherever sewer house connections and/or water house connections or electricity, gas, telephone and cable television lines or drainage facilities are installed within the Property, which connections, lines or facilities (together the "System" herein) or any portion thereof, lie in or upon Lots and/or the Association Property owned by the Association or owned by others than the Owner of a Lot served by said System, the Owners of any Lot or area served by said System shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Lots or to have utility companies enter upon the Lots and/or Association Property in or upon which said Systems, or any portion thereof, lie, to repair, replace and generally maintain said System as and when the same may be reasonably necessary.

(b) Whenever said System or any portion thereof serves more than one Lot, the Owner of each Lot or area served by said System shall be entitled to reasonable use and enjoyment of all portions of the System which are necessary to serve his Lot.

(c) The easements provided for herein shall be used so as not to interfere with any Owner's use and enjoyment of any of the buildings originally constructed on the Lots.

Section 9.2 Reservation of Utility and Drainage Easements. Easements over the Lots and the Association Property for the installation, maintenance, modification and replacement of electric, telephone, cable television, water, gas and sewer lines and drainage facilities are hereby reserved by Declarant, together with the right to grant and transfer the same; provided, however, that such easements shall not interfere with any Owner's use and enjoyment of the buildings as originally located on the Lots and Association Property constituting the servient tenements.