

the extent that the Association shall have previously contracted in writing with such joint Unit Owners to the contrary. After Notice and Hearing as provided in the By-Laws, the cost of correcting such damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Condominium, and may be enforced as provided herein for the enforcement of other Assessments.

ARTICLE V

ARCHITECTURAL REVIEW COMMITTEE

Section 1. Members of Committee. The Architectural Review Committee, sometimes referred to in this Declaration as the "Architectural Committee" or the "Committee", shall consist of three (3) members. The initial members of the Committee shall consist of representatives of Grantor, whose business address is 366 San Miguel Drive, Suite 201, Newport Beach, California 92660. Subject to the following provisions, Grantor shall have the right and power at all times to appoint or remove a majority of the members of the Architectural Committee or to fill any vacancy of such majority until the "turnover date" which shall be the date on which either (1) ninety percent (90%) of the Condominiums subject to this Declaration have been sold and the deeds recorded ("Close of Escrow"), including Condominiums which may be annexed to the Project pursuant to Article II of this Declaration, or (2) five years following the date of issuance of the Final Subdivision Public Report for the Project, whichever occurs earlier. Commencing one (1) year from the date of Close of Escrow for the sale of the first Condominium in the Project to a purchaser (other than a developer) from Grantor, the Board shall have the power to appoint one (1) member to the Architectural Committee, until the turnover date. Thereafter, the Board shall have the power to appoint and remove all of the members of the Architectural Committee. Members appointed to the Committee by the Board shall be from the membership of the Association, but Persons appointed to the Architectural Committee by Grantor need not be Members of the Association. The Committee may designate and appoint a representative who is a licensed architect and a majority of the members of said Committee may, from time to time, remove or replace such representative. The designated representative of the Committee may be, but need not be, a member of the Committee. Such representative must be consulted prior to disapproval of any plans by the Committee, but the decision of the Committee with respect to the approval or disapproval thereof shall be final.

Section 2. Review of Plans and Specifications. The Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. No construction, alteration, addition, modification, decoration, redecoration or reconstruction of an Improvement in the Project or on the Association Properties shall be commenced or maintained until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Committee and approved in writing by the Committee. The Committee shall approve proposals

or plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Project as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Areas and the Association Properties or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association. The Committee may condition its approval of proposals or plans and specifications for any Improvement (1) on such changes therein as it deems appropriate, (2) upon the agreement by the Person (referred to in this Section 2 as "applicant") submitting the same to grant appropriate easements to the Association for the maintenance of the Improvements, or (3) upon the agreement of the applicant to reimburse the Association for the cost of maintenance, or all three, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plan submitted for approval. Decisions of the Committee and the reasons therefor shall be transmitted by the Committee to the applicant at the address set forth in the application for approval, within thirty (30) days after receipt by the Committee of all materials required by the Committee. Any application submitted pursuant to this Section 2 shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the applicant within thirty (30) days after the date of receipt by the Committee of all required materials.

Section 3. Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8 of this Article V. In the absence of such designation, the vote of any two (2) members of the Committee, or the written consent of any two (2) members of the Committee taken without a meeting, shall constitute an act of the Committee. The Committee shall promulgate reasonable standards within the Architectural Committee Rules against which to examine any request made pursuant to this Article.

Section 4. No Waiver of Future Approvals. The approval of the Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or matter whatsoever subsequently or additionally submitted for approval or consent.

Section 5. Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 6. Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(a) The Committee or its duly authorized representative may at any time inspect any Improvement for which approval of plans is required under this Article V; provided, however, that the Committee's right of inspection of the Improvement for which plans have been submitted and approved shall terminate sixty (60) days after such work of Improvement shall have been completed and the respective Unit Owner shall have given written notice to the Committee of such completion. The Committee's rights of inspection shall not terminate pursuant to this paragraph in the event that plans for the work of Improvement have not previously been submitted to and approved by the Committee. If, as a result of such inspection, the Committee finds that such Improvement was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the Committee, it shall notify the Unit Owner in writing of failure to comply with this Article V within sixty (60) days from the inspection, specifying the particulars of noncompliance. The Committee shall have the authority to require the Unit Owner to take such action as may be necessary to remedy the noncompliance.

(b) If upon the expiration of sixty (60) days from the date of such notification, the Unit Owner shall have failed to remedy such noncompliance, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, as provided in the By-Laws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Unit Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Unit Owner. If the Unit Owner does not comply with the Board ruling within such period, the Board, at its option, may record a notice of noncompliance in the Office of the County Recorder of Orange County and may peacefully remove the noncomplying Improvement or otherwise peacefully remedy the

noncompliance, and the Unit Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Unit Owner to the Association, the Board shall levy a Special Assessment against such Unit Owner for reimbursement as provided in this Declaration. The right of the Association to remove a noncomplying Improvement or otherwise remedy the noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity or in this Declaration.

(c) If for any reason the Committee fails to notify the Unit Owner of any noncompliance with previously submitted and approved plans within sixty (60) days after receipt of said written notice of completion from the Unit Owner, the Improvement shall be deemed to be in accordance with said approved plans.

Section 7. Non-Liability of Committee Members. Neither Grantor, the Architectural Committee, nor any member of the Architectural Committee, the Board nor their duly authorized representative shall be liable to the Association, or to any Unit Owner for any loss, damage or injury arising out of or in any way connected with the performance of the duties hereunder, unless due to the willful misconduct or bad faith of any such Person. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Project generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Committee's approval or disapproval shall be based solely on the considerations set forth in this Article V, and the Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 8. Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Committee, and shall become effective upon recordation in the Office of the County Recorder of Orange County. If any such variance is granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Unit Owner's obligation to comply with all governmental laws and regulations affecting his use of the Residence.