

not be separated or separately conveyed, and each such undivided interest, membership and easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit; provided, however, that this restriction upon the severability of the component interests of the Condominiums shall not extend beyond the period for which the right to partition the Property is suspended in accordance with Section 1354(b) of the California Civil Code and the provisions of Article XI hereof. Any conveyance by a Unit Owner of a Condominium or a Unit, or any portion thereof, shall be presumed to convey the entire Condominium, together with a membership in the Association.

ARTICLE I

DEFINITIONS

Unless otherwise expressly provided, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified.

Section 1. Architectural Committee. "Architectural Committee" shall mean the Architectural Review Committee created pursuant to Article V hereof.

Section 2. Architectural Committee Rules. "Architectural Committee Rules" shall mean the rules adopted by the Architectural Committee pursuant to Article V, Section 3 hereof.

Section 3. Articles. "Articles" shall mean the Articles of Incorporation of WINDWOOD FOREST HOMEOWNERS ASSOCIATION, as filed in the Office of the Secretary of State of the State of California, a true copy of which is attached hereto, marked Exhibit "C" and incorporated herein by this reference, as such Articles may be amended from time to time.

Section 4. Assessment, Annual. "Annual Assessment" shall mean a charge against a particular Unit Owner and his Condominium, representing a portion of the costs of maintaining, improving, repairing and managing the Project and all other Common Expenses, including operation costs for the Common Areas and the Association Properties, which are to be paid by each Unit Owner to the Association for Common Expenses as provided herein.

Section 5. Assessment, Capital Improvement. "Capital Improvement Assessment" shall mean a charge against each Unit Owner and his Condominium, representing a portion of the cost to the Association for installation or construction of any capital improvements on any of the Common Areas or the Association Properties, which the Association may from time to time authorize. Such charge shall be levied among all of the Condominiums in the Project in the same proportion as Annual Assessments, as provided herein.

Section 6. Assessment, Reconstruction. "Reconstruction Assessment" shall mean a charge against a particular Unit Owner and his Condominium, representing a portion of the cost to the Association for reconstruction of any capital improvements on any

of the Common Areas or Association Properties which the Association may from time to time authorize, and which shall be levied among all of the Condominiums in the Project in the same proportion as Annual Assessments, as provided herein.

Section 7. Assessment Special. "Special Assessment" shall mean a charge against a particular Unit Owner and his Condominium, directly attributable to, or reimbursable by, the Unit Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration plus interest and other charges thereon as provided for in this Declaration.

Section 8. Association. "Association" shall mean WINDWOOD FOREST HOMEOWNERS ASSOCIATION, a California corporation (formed pursuant to the General Nonprofit Corporation Law of the State of California), its successors and assigns.

Section 9. Association Properties. "Association Properties" shall mean all of the real property and Improvements, including without limitation, a swimming pool or pools, a tot lot, a multi-purpose court, a restroom building, open parking areas, landscaped areas and private driveways, all of which are owned by the Association for the common use and enjoyment of all of the Owners. The Association Properties to be so owned by the Association at the time of the conveyance of the first Lot in Phase 1 shall include that certain real property in the City of Santa Ana, County of Orange, State of California, described as follows:

Lots 7 and A of Tract No. 9505, as shown on a Subdivision Map, recorded on April 1, 1977, in Book 401, Pages 37 to 39, inclusive, of Miscellaneous Maps, in the Office of the Orange County Recorder.

Section 10. Beneficiary. "Beneficiary" shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such mortgagee or beneficiary.

Section 11. Board or Board of Directors. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 12. By-Laws. "By-Laws" shall mean the By-Laws of the Association as adopted by the Board and approved by the membership of the Association initially in the form of Exhibit "D" attached hereto and incorporated herein by this reference, as such By-Laws may be amended from time to time.

Section 13. Close of Escrow. "Close of Escrow" shall mean the date on which a deed conveying a Condominium is Recorded.

Section 14. Common Areas. "Common Areas" shall mean all areas on the Property, except the Units, and shall further include, without limitation, for maintenance purposes of the Association, but not necessarily by way of fee title, all gas, water, and waste pipes, all sewers, all ducts, chutes, conduits, wires, and other utility installations of the structures wherever located (except the outlets thereof when located within the Units).

the lot upon which the structures are located and the airspace above the structures, all structural bearing walls, columns, floors, the roofs, slabs, party walls, utility walls, foundations, walkways, common stairways, open parking areas, recreation facilities and landscaping on those areas which are not defined as a part of the Units.

Section 15. Common Expenses. "Common Expenses" shall mean the actual and estimated costs of: maintenance, management, operation, repair and replacement of the Common Areas and Association Properties (including unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments); the costs of any and all utilities metered to more than one Unit and other commonly metered charges for the Project or the Association Properties; the costs of trash collection and removal; 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 all gardening, security and other services benefiting the Common Areas and the Association Properties; the costs of fire, casualty and liability insurance, workmen's compensation insurance, and other insurance covering the Project and the Association Properties; 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 Association Properties, the entire Project, or portions thereof; and the costs of any other item or items designated by, or in accordance with other expenses incurred by the Association, for any reason whatsoever in connection with the Project and the Association Properties, for the common benefit of the Unit Owners.

Section 16. Condominium. "Condominium" shall mean an equal, undivided fee simple percentage ownership interest in the Common Areas, together with a separate ownership interest in fee in a Unit and all easements appurtenant thereto.

Section 17. Condominium Plan. "Condominium Plan" shall mean the engineering drawings and related materials showing the diagrammatic floor plans of the Units, the boundaries of the Units, the Common Areas and, where applicable, dimensions, specific alternative uses as authorized by this Declaration, and such other information reasonably necessary to identify a Condominium. The Condominium Plan for Phase 1 of the Project is attached hereto, marked Exhibit "A" and by this reference is incorporated herein.

Section 18. Declaration. "Declaration" shall mean the within Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, as it may be amended from time to time as provided herein.

Section 19. Deed of Trust. "Deed of Trust" shall mean a mortgage or a deed of trust, as the case may be.

Section 20. Family. "Family" shall mean one or more Persons each related to the other by blood, marriage or adoption, or a group of not more than five (5) Persons not all so related, inclusive of their domestic servants, who maintain a common household in a Residence.

Section 21. Grantor. "Grantor" shall mean THE WILLIAM LYON COMPANY, a California corporation, its successors, and any Person to which it shall have assigned any of its rights hereunder by an express written assignment.

Section 22. Improvements. "Improvements" shall mean all structures and appurtenances thereto of every type and kind, including but not limited to, buildings, outbuildings, walkways, bicycle trails, sprinkler pipes, garages, swimming pools, roads, driveways, parking areas, fences, screening walls, retaining walls, patio covers, awnings, stairs, the exterior surfaces of any visible structure, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment.

Section 23. Manager. "Manager" shall mean the person, firm or corporation employed by the Association, pursuant to and limited by Article III, Section 9 hereof, and delegated the duties, powers or functions of the Association as limited by said section.

Section 24. Member. "Member" shall mean every Person holding a membership in the Association, pursuant to Article III, Section 3 hereof.

Section 25. Mortgage. "Mortgage" shall mean any mortgage or deed of trust or other conveyance of a Condominium or other portion of the Project to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance. The term "Deed of Trust" or "Trust Deed" when used shall be synonymous with the term "Mortgage".

Section 26. Mortgagee, Mortgagor. "Mortgagee" shall mean a Person to whom a mortgage is made and shall include the beneficiary of a Deed of Trust; "Mortgagor" shall mean a Person who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee".

Section 27. Notice and Hearing. "Notice and Hearing" shall mean written notice and a public hearing before the tribunal appointed by the Board, at which the Unit Owner concerned shall have an opportunity to be heard in person, or by counsel at the Unit Owner's expense, in the manner further provided in the By-Laws.

Section 28. Person. "Person" shall mean a natural individual, a corporation or any other entity with the legal right to hold title to real property.

Section 29. Phase 1. "Phase 1" shall mean all of the real property described in Paragraph A of the Preamble to this Declaration.

Section 30. Property. "Property" shall mean all of the real property described in Paragraph A of the Preamble to this Declaration, together with such portion of the real property described in Exhibit "B", with respect to which a Notice of Addition of Territory may hereafter be recorded subjecting such property to

this Declaration and to the jurisdiction of the Association as provided herein.

Section 31. Project. "Project" shall mean the entire Property divided into Condominiums, in accordance with Section 1350 of the California Civil Code, including the Common Areas and the Units within the Property. The term "Project", as used herein, may constitute more than one project as defined in Section 1350 of the California Civil Code.

Section 32. Record, File. "Record" or "File" shall mean, with respect to any document, the recordation or filing of such document in the Office of the County Recorder of the County of Orange, State of California.

Section 33. Residence. "Residence" shall mean a Unit, intended for use by a single Family.

Section 34. Supplemental Declaration. "Supplemental Declaration" shall mean any declaration of covenants, conditions, restrictions and reservation of easements or similar document which may be recorded pursuant to Article II of this Declaration.

Section 35. Unit. "Unit" shall mean the elements of a Condominium not owned in common with the Owners of other Condominiums in the Property. Each of the Units in the multi-family structures shall be a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan. Each such Unit consists of a living area space or spaces bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows, and doors of each residential element, as shown and defined in the Condominium Plan; together with separately defined areas of space for garages, air conditioning compressors, patios and balconies, as assigned and described particularly in the Condominium Plan. In interpreting deeds, declarations and plans, the existing physical boundaries of the Unit or a Unit constructed or reconstructed in substantial accordance with the Condominium Plan and the original plans thereof, if such plans are available, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, Condominium Plan or declaration, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries, as shown on the Condominium Plan or defined in the deed and declaration, and the boundaries of a building as constructed or reconstructed.

Section 36. Unit Owner. "Unit Owner" shall mean the record owner, whether one or more Persons, of a fee simple interest in a Condominium, including Grantor with respect to each Condominium owned by Grantor, and including sellers under executory contracts of sale, but excluding those Persons holding title as security for the performance of an obligation.

Section 37. Windwood Maintenance Funds. "Windwood Maintenance Funds" shall mean the accounts created for receipts and disbursements of the Association pursuant to Article VI, Section 2 hereof.

Section 38. Windwood Restrictions. "Windwood Restrictions" shall mean this Declaration and the Windwood Rules and Regulations of the Association from time to time in effect.

Section 39. Windwood Rules and Regulations. "Windwood Rules and Regulations" shall mean the rules and regulations adopted by the Board pursuant to the By-Laws, as such rules and regulations may be amended from time to time.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTY

Additional real property may be annexed to Phase 1 of the Project and such additional real property may become subject to this Declaration by any of the methods set forth hereinafter:

Section 1. Additions by Grantor. If Grantor, its successors or assigns, shall develop, or cause to be developed, additional real property ("Annexed Property") within the area located in the City of Santa Ana, County of Orange, State of California, which is more particularly described in Exhibit "A" which is attached hereto and by this reference incorporated herein, Grantor or its successors or assigns shall have the right from time to time to add such Annexed Property or any portion or portions thereof to the Project and to bring such Annexed Property within the general plan and scheme of this Declaration without the approval of the Association, its Board of Directors, or Members; provided that such a right of Grantor and its successors and assigns shall terminate on the third anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a phase of the development of the Project. As each phase of development is developed, Grantor may, with respect thereto, record a Supplemental Declaration which may supplement this Declaration with such additional covenants, conditions, restrictions, reservations and easements as Grantor may deem appropriate for that phase of development of the Project. A "phase of development" for purposes of this Declaration means a portion of subdivided real property for which a Notice of Addition of Territory shall be recorded and for which a Final Subdivision Public Report is sought by Grantor from the California Department of Real Estate, and Phase 1 shall consist of all of the real property described in Paragraph A of the Preamble of this Declaration.

Section 2. Other Additions. In addition to the provision for annexation specified in Section 1 above, additional real property may be annexed to the Project and brought within the general plan and scheme of this Declaration upon the approval by vote or written consent of Members entitled to no less than two-thirds (2/3rds) of the voting power of both Classes of Members.

Section 3. Title to Association Properties. Prior to the conveyance of any Condominium within the Annexed Property to a purchaser thereof pursuant to a Final Subdivision Public Report, whether such annexation was accomplished by either method set forth in Sections 1 and 2 above, title to the Association Properties, if any, within said Annexed Property shall be conveyed to the Association, free and clear of any and all encumbrances and

liens, subject to reservations, easements, covenants, conditions and restrictions then of record, including those set forth in this Declaration.

Section 4. Notice of Addition of Territory. The additions authorized under Sections 1 and 2 of this Article II shall be made by filing of record a Notice of Addition of Territory, or other similar instrument (which Notice or Instrument may contain the Supplemental Declaration, if any, affecting each such addition), with respect to the additional property which shall be executed by Grantor or the Owner thereof and shall extend the general plan and scheme of this Declaration to such Annexed Property. The filing of record of said Notice of Addition shall constitute and effectuate the annexation of the Annexed Property described therein, and thereupon said Annexed Property shall become and constitute a part of the Project, become subject to this Declaration and encompassed within the general plan and scheme of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained herein, and become subject to the functions, powers and jurisdiction of the Association; and the Unit Owners of Condominiums in said Annexed Property shall automatically become Members of the Association. Such Notice of Addition may contain such additions and modifications of the covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Declaration as may be necessary to reflect the different character, if any, of the Annexed Property, or as Grantor may deem appropriate in the development of the Annexed Property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such Notice of Addition revoke, modify or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitudes established by this Declaration as the same shall pertain to the real property originally covered by this Declaration. No addition of territory shall substantially increase assessments or substantially increase the burden upon the facilities of the Association Properties.

Section 5. Deannexation. Grantor may delete all or a portion of a phase of development of the Project from coverage of this Declaration and the jurisdiction of the Association, so long as Grantor is the owner of all of such Annexed Property, and provided that a Notice of Deletion of Territory is recorded in the Office of the Orange County Recorder in the same manner as the applicable Notice of Addition was recorded.

ARTICLE III

WINDWOOD FOREST HOMEOWNERS ASSOCIATION

Section 1. Organization of Association. The Association is or shall be incorporated under the name of WINDWOOD FOREST HOMEOWNERS ASSOCIATION, as a corporation not for profit under the General Nonprofit Corporation Law of the State of California.

Section 2. Duties and Powers. The duties and powers of the Association are those set forth in the Articles, together with its general and implied powers of a nonprofit corporation, generally to do any and all things that a corporation organized under the