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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR THE DOCK CLUB AT PINE KNOT LANDING

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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE DOCK CLUB AT PINE KNOT LANDING**

THIS DECLARATION, made this ____ day of _____, 2000, by Pine Knot Landing, LLC, a California limited liability company ("Declarant"), is as follows:

RECITALS

A. Declarant is the owner of certain real property (the "Property") located in the City of Big Bear Lake, San Bernardino County, California, more particularly described in Exhibit A, attached hereto and made a part hereof, consisting of a marina and related amenities. Declarant desires to convert the Property into a multi-phase undivided interest dock club facility for the use and benefit of its owners.

B. The Property consists of 4 parcels. **Parcel 1** (the "Commercial Parcel") currently contains a marine hardware store and mechanical services building, together with attached restrooms and parking. The Declarant intends to retain title to the Commercial Property, subject to certain easements described herein in favor of dock club members for ingress and egress, parking, encroachment of the member rack storage building, boat storage, and for use of the restroom facilities located thereon. **Parcel 2** (the "Deeded Parcel") consists of parking and a service building. The Declarant intends to convey undivided interests in the Deeded Parcel to dock club members. **Parcel 3** (the "Club Parcel") is a "U" shaped parcel containing two jetties extending out into Big Bear Lake, together with appurtenant parking, launch ramps, and other facilities. Declarant intends to convey the Club Parcel to the dock owners association ("Association") to be held and operated by the Association for the benefit of dock club members. The Declarant reserves certain easements relating to the Club Parcel, and further reserves the right to further subdivide the Club Parcel in the future in order to create separate parcels on which Declarant may construct a restaurant and office building (the "Restaurant and Office Parcels"). **Parcel 4** (the "Easement Parcel") consists of an easement running from Parcel 2 to the public street known as Big Bear Boulevard. Declarant intends to convey undivided interests of Easement Parcel to the dock club members, retaining reciprocal usage rights.

C. The Deeded Parcel, the Club Parcel, and the Easement Parcel, together with all improvements now or hereinafter located thereon, and together with certain easements described herein over the Commercial Parcel and the Restaurant and Office Parcels (when and if created by Declarant in the future) running in favor of dock club members, and together with the "Moorage Units", as hereinafter defined, are hereinafter collectively referred to as the "Project".

D. Declarant intends to dedicate the Project in two or more phases, through the recording of a "Declaration of Dedication" for each such phase. The Project, when fully dedicated as contemplated herein, will support 650 dock club memberships, and Phase I will consist of 250 memberships. Any portions of the Project not dedicated shall be referred to as the "Non-Dedicated Interests".

E. Declarant proposes to convey 1/650 fractional Undivided Interests in the Deeded Parcel, providing in the "Original Deeds" thereof that the grantee(s) named therein shall have certain defined rights to occupy a "Moorage Unit" and to use the "Common Areas", subject to the declarations, limitations, covenants, conditions and restrictions set forth in this Declaration and in the "Rules and Regulations".

F. By this Declaration, Declarant intends to establish a common scheme and plan for the use, enjoyment, repair, maintenance, restoration and improvement of the Project and the Undivided Interests therein conveyed or reserved, and for the payment of taxes, assessments, insurance premiums and other expenses pertaining thereto.

NOW, THEREFORE, in furtherance of such intent Declarant hereby declares that the Undivided Interests and, if and when dedicated hereto pursuant to the provisions of Article VIII, the Non-Dedicated Interests, or any portion thereof as and when dedicated, shall be held, conveyed, hypothecated, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the following easements, covenants, conditions and restrictions set forth in this Declaration as this Declaration may be amended from time to time, and subject to the Rules and Regulations, all of which easements, covenants, conditions and restrictions and Rules and Regulations are declared to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability and enjoyment of the Project, and the interest or interests therein to be conveyed or reserved. All such easements, covenants, conditions and restrictions and Rules and Regulations shall constitute covenants running with the land and equitable servitudes and liens, and shall be binding upon and for the benefit of Declarant, and each Undivided Interest conveyed shall be binding

upon and for the benefit of all parties having or acquiring any right, title, interest or estate in the Project, including but not limited to the heirs, executors, administrators and assigns of any such parties and all subsequent owners and lessees of all or any part of the Project.

ARTICLE I

DEFINITIONS

As used herein, the following terms shall have the following meanings:

1.1 "Annual Report" means a report to Owners comprising (a) a balance sheet relating to the Association as of the last day of a Fiscal Year, (b) an operating statement for such Fiscal Year, (c) a statement of net changes in financial position of the Project and the Association for such Fiscal Year, (d) any information required to be reported under California law relating to nonprofit, mutual benefit corporations, and (e) a list of the names, mailing addresses and telephone numbers of the members of the Board.

1.2 "Articles" means the Articles of Incorporation of the Association which are, or shall be, filed in the office of the Secretary of State of California, as said Articles may be amended from time to time.

1.3 "Assessments" means, collectively, the Basic Assessment, the Special Assessment, and the Tax Assessment.

1.4 "Assigned Moorage Unit" means any Moorage Unit, the occupancy of which has been assigned to an Owner in accordance with the Rules and Regulations.

1.5 "Association" means The Dock Club at Pine Knot Landing, a California nonprofit, mutual benefit corporation, whose members consist of Owners.

1.6 "Association Property" means any property, whether real or personal as well as all property interests owned by the Association.

1.7 "Basic Assessment" means, for each Undivided Interest and Fiscal Year, an assessment levied by the Association against each Undivided Interest in an amount determined by the Board for such Fiscal Year.

1.8 "Basic Expenses" means the estimated aggregate amount of expenses, as set forth in the Budget, to be incurred by the Association during the applicable Fiscal Year:

(a) To operate, manage, maintain, improve and repair the Moorage Units, the Dock Systems, and to administer the Undivided Interest program and to operate, manage, maintain, improve and repair the Common Areas and the Equipment;

(b) To provide for the collection of funds on an annual basis over the useful life of Project components in an amount sufficient to meet the reserve expenses;

(c) To provide for a contingency fund in the event that some Assessments may not be paid on a current basis; and

(d) To provide for the payment of the fees of the Managing Agent.

Without limiting the generality of the foregoing, Basic Expenses shall include:

(1) All charges, costs and expenses whatsoever incurred by the Association for or in connection with the administration and operation of the Project;

(2) Taxes assessed against the Undivided Interests or the Project, or the Equipment and the Common Areas, or any other interests of the Owners, except to the extent separately assessed by the county assessor against the Undivided Interests, and except as included in the Tax Assessment;

(3) Insurance obtained pursuant to the Declaration;

(4) Any liability whatsoever for loss or damage arising out of or in connection with the Project or any fire, accident, or nuisance within the Project;

(5) Cost of repair, reinstatement, rebuilding and replacement of all or any portion of the Project, including but not limited to the Moorage Units, the Dock Systems, the Common Areas or the Equipment therein;

(6) The cost of all basic utility services, including water, electricity, natural gas, waste disposal, telephone and any other similar service attributable to the Project;

(7) The unpaid share of any Assessment levied during the previous Fiscal Year against any Undivided Interest for which a

default in payment thereof has occurred, to the extent that the same becomes uncollectible; and

(8) Wages, accounting and legal fees, management fees, and other necessary expenses of upkeep, maintenance, management and operation actually incurred with respect to the Project. Basic Expenses shall not include any expense constituting a Personal Charge.

1.9 "Board" means the Board of Directors of the Association.

1.10 "Budget" means a pro forma operating statement setting forth the Basic Expenses for a particular Fiscal Year.

1.11 "Bylaws" means the Bylaws of the Association as such Bylaws may be amended from time to time.

1.12 "Common Area" means all portions of the Project, including the Club Parcel (except for the Restaurant Parcel, when and if created), the Deeded Parcel, the Easement Parcel, the Moorage Units, and the Dock Systems.

1.13 "Conversion Date" means the date on which the number of Declarant Undivided Interests is less than twenty percent (20%) of the total number of Undivided Interests in the Project.

1.14 "Declarant" means Pine Knot Landing, LLC, a California limited liability company, or any successor(s)-in-interest to Declarant by express assignment of the rights of Declarant hereunder by an instrument (i) executed by Declarant, (ii) recorded in the office of the County Recorder of San Bernardino County, and (iii) filed with the Secretary of the Association.

1.15 "Declarant Undivided Interests" means the Undivided Interests owned by Declarant from time to time.

1.16 "Declarant's Report" means a statement containing the following information, where applicable:

(a) A status report covering each improvement, if any, included in the Project which was scheduled for completion or renovation during the quarter according to the planned construction statement for the Project and each still uncompleted or unrenovated improvement that was scheduled for completion during an earlier quarter;

(b) The number of Declarant Undivided Interests owned by Declarant as of the first and last day of the quarter;

(c) If no Subsidy Agreement is in effect during a

quarter, the total Basic and Special Assessments which Declarant became obligated to pay during the quarter;

(d) If no Subsidy Agreement is in effect during a quarter, the total Basic, Tax and Special Assessments actually paid by Declarant to the Association during the quarter;

(e) If no Subsidy Agreement is in effect during a quarter, the amount of any delinquency by Declarant in the payment of Basic, Tax and Special Assessments that has not been cured as of the date of such Declarant's Report; and

(f) An itemized report of funds, goods and services furnished by Declarant or caused to be furnished to the Association (if any) under the Subsidy Agreement, if any, including without limitation payment of reserve expenses thereunder.

1.17 "Declaration" means this Declaration of Covenants, Conditions and Restrictions, as the same may be amended from time to time in the manner herein provided.

1.18 "Declaration of Dedication" means a Declaration of Dedication recorded in the Office of the San Bernardino County Recorder in the manner and containing the information required pursuant to Article VIII hereof.

1.19 "Dedication Date" means the date of any dedication of all or any part of the Non-Dedicated Interests pursuant to Article VIII.

1.20 "Dock" means each of the separate boat docks described and labeled "A" through "F" on Exhibit "B" hereto and any future revisions thereof, including any replacements thereof.

1.21 "Dock System" means each of the Docks, together with the appurtenant gangways, mooring systems and attached fixtures, and all appurtenant use rights and obligations thereto.

1.22 "Equipment" means all equipment, vehicles, appliances, telephone systems and other personal property from time to time owned, leased or held for use in common by the Association and which is located within the Common Area.

1.23 "Fiscal Year" means the one (1) year period commencing on first day of January of each year, which shall be the fiscal year of the Association; provided, however, that the first Fiscal Year shall be the partial one (1) year period commencing on the date of formation of the Association, and ending on December 31, 1999, provided further that the Fiscal Year shall be subject to

change by amendment by the Board.

1.24 "Governing Instruments" means this Declaration, and the Articles, Bylaws and Rules and Regulations of the Association.

1.25 "Majority of Owners" means (a) prior to the Conversion Date, (i) the vote or written assent of more than fifty percent (50%) of all Non-Declarant Owners entitled to vote or so assent represented and voting at a duly held meeting, and (ii) the consent of the Declarant; and (b) from and after the Conversion Date, (i) the vote or written assent of more than fifty percent (50%) of all Owners entitled to vote or so assent represented and voting at a duly held meeting, and (ii) the vote or written assent of a Majority of Non-Declarant Owners.

1.26 "Majority of Non-Declarant Owners" means the vote or written assent of more than fifty percent (50%) of all Non-Declarant Owners entitled to vote or so assent represented and voting at a duly held meeting.

1.27 "Management Agreement" means an agreement between the Association and the Managing Agent to manage the Project.

1.28 "Managing Agent" means the agent engaged by the Board pursuant to paragraph 4.3 below. The first Managing Agent shall be appointed by Declarant and may be Declarant or an affiliate of Declarant.

1.29 "Moorage Unit" means each of the slips, end ties, side ties, inside ties, rack storage units, and buoy mooring units shown and depicted on Exhibit "B" hereto and any future revisions thereof, including any replacements thereof, the use of which by an Owner is assigned by the Board pursuant to the Rules and Regulations, and any future Moorage Units in the Project, up to a total maximum of 650, as described in a Declaration of Dedication executed by Declarant recorded pursuant to Article VIII hereof.

1.30 "Non-Declarant Owners" means all Owners other than Declarant.

1.31 "Original Deed" means each grant deed from Declarant first recorded after the date hereof which conveys each Undivided Interest conveyed by Declarant excluding, however, any grant deed which conveys the entire interest in the Project then owned by Declarant and which expressly recites that it is not an Original Deed within the meaning of this Declaration.

1.32 "Owner" means and includes anyone who is either (a) the grantee(s) named in each Original Deed and successor(s)-in-interest to such grantee(s), or (b) Declarant with respect to each Declarant

Undivided Interest.

1.33 "Permitted User" means any person who uses the Project with the permission of an Owner, including, without limitation, members of such Owner's family, his guests, licensees or invitees.

1.34 "Personal Charges" means (i) any expense resulting from the act or omission of any Owner or Permitted User including, without limitation: the cost to repair any damage to any portion of the Project or to repair or replace any Dock, Dock System, Moorage Unit, or Equipment on account of loss or damage caused by such Owner or his Permitted User(s); (ii) the cost to satisfy any expense to any other Owner(s) or to the Association due to any intentional or negligent act or omission of such Owner or Permitted User, or resulting from the breach by such Owner or Permitted User of any provisions of the Governing Instruments. In amplification of the foregoing, the act or negligence of a Permitted User shall be deemed to be the act or negligence of the Owner who permits such Permitted User to use and occupy any portion of the Project or the Moorage Units.

1.35 "Project" shall have the meaning ascribed thereto in the Recitals.

1.36 "Rules and Regulations" means the Rules and Regulations relating to the possession, use and enjoyment of the Project and the Moorage Units.

1.37 "Special Assessment" means an assessment levied against an Undivided Interest to provide funds to the Association in the event the Basic Assessment and Tax Assessment proves inadequate, in an aggregate amount sufficient to provide for such inadequacy.

1.38 "Subsidy Agreement" means a written agreement between the Association and Declarant by which Declarant undertakes to subsidize the cost of operating and maintaining the Project in lieu of payment of assessments on Declarant Undivided Interests.

1.39 "Super-Majority of Owners" means (a) prior to the Conversion Date (i) the written assent of Non-Declarant Owners entitled to vote or so assent, and who collectively own more than 75 percent of the total voting power vested in such Non-Declarant Owners, and (ii) the consent of the Declarant; and (b) from and after the Conversion Date (i) the vote or written assent of Owners entitled to vote or so assent, and who collectively own more than 75 percent of the total voting power vested in all Owners, and (ii) the vote or written assent of Non-Declarant Owners entitled to vote or so assent, and who collectively own more than 75 percent of the total voting power vested in the Non-Declarant Owners.

1.40 "Tax Assessment" means, for each Undivided Interest, an amount levied against such Undivided Interest by the Association in an amount equal to that portion of real property taxes regularly levied against the Club Parcel, the Deeded Parcel, and the Easement Parcel and not billed directly to the Owners by the County, which is determined by the Association to be attributable to each Undivided Interest.

1.41 "Undivided Interest" means (a) an undivided 1/650 fractional fee title interest in the Deeded Parcel and the Easement Parcel, together with (b) an Owner's right to use and occupy an Assigned Moorage Unit and the Common Area and Equipment, and (c) an easement for ingress, egress, use and enjoyment of the Common Area.

ARTICLE II

USE RIGHTS AND RESTRICTIONS

2.1 Use Rights. Subject to all the terms and conditions contained elsewhere in this Declaration and in the Governing Instruments, the ownership of an Undivided Interest shall entitle its Owner to the exclusive right during each year for each Undivided Interest owned to use and occupy an Assigned Moorage Unit for recreational boating purposes, and for such other purposes as may be determined by the Board from time to time, and the non-exclusive right to use and enjoy the Common Area for recreational purposes provided such use and occupancy is in accordance with the then-current Rules and Regulations.

2.2 Occupancy. No Owner shall exercise any other use rights with respect to any Moorage Unit or the Common Area other than the rights provided to him in this Article II. Each Owner shall exercise his use rights in such a manner that the Assigned Moorage Unit and the Common Areas and Equipment used by such Owner are left in good and sanitary condition and repair and otherwise comply with the Rules and Regulations or adopted by the Board. Any Owner may permit his Assigned Moorage Unit and the Common Areas to be occupied by other persons (not in excess of the number of occupants permitted by the Rules and Regulations) for the purposes permitted by this Declaration, but such Owner shall be responsible for any loss, damage, destruction or violation of this Declaration, or the Rules and Regulations of the Association which occurs during such occupancy as if such Owner were occupying the Assigned Moorage Unit and Common Areas.

2.3 Use Restrictions. The maximum occupancy of any Assigned

Moorage Unit and the Common Areas shall be as provided in the Rules and Regulations. Except as required to prevent damage or injury to persons or property in an emergency, no Owner shall make or authorize any alterations, additions or improvements to the Project, or any portion thereof, including, but not limited to, the Dock Systems and the Common Area and the improvements, landscaping, or any personal property thereon, and the Equipment, or paint, repaint or otherwise refinish or redecorate any portion of the Common Areas, Dock Systems, Equipment, or Association Property or remove, alter or replace any portion of the Equipment without the prior written consent of the Association. The right to perform all of the foregoing acts has been delegated to the Association by this Declaration. The foregoing prohibitions, however, shall not modify or affect the obligation of each Owner for the prudent care and ordinary maintenance and upkeep of all property subject to his use.

Each Owner, by accepting the assignment or transfer of an Undivided Interest, hereby covenants and agrees to abide by the Rules and Regulations of the Association. Use and occupancy of the Project is limited to private, recreational use, and commercial use of the Project by any Owner is prohibited except for such purpose as expressly provided in Section 2.8.

2.4 Transfer of Interest. No Owner shall sell, assign transfer, hypothecate or encumber less than all of his Undivided Interest; provided, however, that nothing herein contained shall restrict the manner in which title to the Undivided Interest may lawfully be held under California law (e.g. joint tenants, tenants-in-common, or the like). Any sale, assignment, transfer, hypothecation or encumbrance by any Owner of less than all of his interest in his Undivided Interest shall be null, void and of no effect. The transfer of any Undivided Interest shall operate to transfer to the new owner of the Undivided Interest the interest of the prior Owner in all funds in the hands of the Association even though not expressly mentioned or described in the instrument of transfer and without further instrument of transfer.

2.5 Separate Mortgages. Each Owner shall have the right to mortgage or otherwise to encumber all, but not less than all, of his Undivided Interest. Subject to the provisions of this Declaration, any mortgage (or deed of trust) shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure, the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise. Notwithstanding any other provision of this Declaration, no breach of the provisions herein contained, nor the enforcement of any lien created pursuant to the provisions hereof shall impair, defeat or render invalid the priority of the lien of any first mortgage if such first mortgage is recorded in the Office of the County

Recorder of San Bernardino County.

2.6 Partition and Subordination of Tenancy-in-Common Attributes.

(a) Declaration Controls - It is intended that this Declaration shall also govern all rights with respect to the use, possession, enjoyment, management and disposition of the Undivided Interests and the Project. Accordingly, all rights with respect to the use, possession, enjoyment, management or disposition of an Undivided Interest or the Project which an Owner might otherwise have as a tenant-in-common (including, but not limited to, any common law or statutory right jointly to use, possess or manage commonly owned property) are hereby unconditionally and irrevocably subordinated to this Declaration for so long as this Declaration shall remain in effect; provided, however, that in the event that an election to terminate this Declaration is made pursuant to paragraph 9.2, an Owner shall have the rights specified in paragraph 9.2;

(b) No Partition - Except as provided in paragraph 9.2, no Owner or other person or entity acquiring any right, lien or interest in the Project shall seek or obtain, through any legal procedures, judicial partition of the Project or the sale thereof in lieu of partition. If, however, any Undivided Interest is owned by two or more persons as tenants-in-common or as joint tenants or as community property, nothing herein contained shall prohibit a judicial sale of the Undivided Interest in lieu of partition as between such co-tenants or joint tenants.

2.7 Protection of Interest. Except as provided in paragraph 2.5, no Owner shall permit his Undivided Interest to be subject to any lien (other than the liens of current real property taxes), claim or charge, the enforcement of which may result in a sale or threatened sale of the Undivided Interest of any other Owner or any part thereof, or in any interference in the use or enjoyment thereof by any other Owner. In the event of a threatened sale of the Project or the Undivided Interest of any Owner or any part thereof, or should the use and enjoyment of any portion thereof by any Owner be threatened by reason of any lien, claim or charge against the Undivided Interest of any other Owner, or should proceedings be instituted to effect any such sale or interference, any Owner acting on his own behalf or through the Association or the Association acting on behalf of any one or more Owners (if promptly indemnified to his or its satisfaction) may, but shall not be required to, pay or compromise the lien, claim or charge without inquiry into the proper amount or validity thereof and, in such event, the Owner whose interest was subjected to such lien, claim or charge shall forthwith pay the amount so paid or extended to the

Owner or the Association, whosoever shall have paid or compromised the lien, claim or charge, together with such reasonable attorneys' fees and related costs as he or it may have incurred. No Owner shall permit his interest in any funds from time to time in possession of the Association to be subjected to any attachment, lien, claim or charge or other legal process and each Owner shall promptly restore any funds held by the Association with respect to his Undivided Interest to the extent depleted by the reason of the assertion of any such attachment, lien, claim, charge or other legal process and shall reimburse the Association for all reasonable attorneys' fees or other costs incurred in respect thereof.

2.8 Easements.

(a) Easement for Sales, Resales, Customer Service and Related Purposes. Declarant, for itself, its successors, assigns, agents, employees, contractors, subcontractors and other authorized personnel, reserves until the later of five (5) years from the date of recordation of the first Original Deed, or one (1) year from the sale of the last Declarant-owned Undivided Interest, a non-exclusive easement in gross in, over and through the Project for the purposes of: (i) marketing and selling the Undivided Interests; (ii) maintaining customer relations and providing post-sales service to Owners; (iii) displaying signs and erecting, maintaining and operating on the Project, for sales and administrative purposes, a temporary structure for a customer relations and customer service; and (iv) showing any or all of the Moorage Units or Common Areas of the Project, provided, however, that Declarant's use of such easement shall be in such a manner that will minimize any adverse impact upon the use and enjoyment of the Project and the Moorage Units by any Owner occupying it and shall not (1) unreasonably interfere with or diminish the rights of Owners to use and occupy Assigned Moorage Units and the Common Areas or (2) interfere with the use and occupancy of the Moorage Units or the Common Area by the Association as reasonably required to administer the Undivided Interest program or for proper purposes of the Association, all as provided in the Governing Instruments.

(b) Association Easements for Maintenance and Use. The Association, for itself, its successors and assigns, and its and their agents, employees, contractors, subcontractors, and other authorized personnel, shall have the right and is hereby granted, for so long as the Association or its successors and assigns shall be required hereunder to manage and maintain the Project, an exclusive easement-in-gross in, over and through the Project for the repair and maintenance of the Dock Systems, Moorage Units, and the Common Areas and Equipment; provided, however, that use of such easement shall not unreasonably interfere with or diminish the

rights of Owners, Permitted users or Declarant to occupy an Assigned Moorage Unit or the Common Area and/or to use the Equipment. In amplification and not limitation thereof, the Association and its successors and assigns shall have the right, to enter upon any Dock, Moorage Unit or Common Area for the purpose of cleaning, painting, maintenance and repair, and at any reasonably necessary time, whether or not in the presence of an Owner, or for the purpose of protecting property rights and welfare of any Owner or Permitted User, or for any other purpose reasonably related to the performance by the Association of its duties and obligations under the terms of the Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and enjoyment of the rightful occupant of an Assigned Moorage Unit and shall be preceded by reasonable notice to such occupant whenever the circumstances permit.

(c) Declarant Easement for Concessions. The Declarant shall have an easement across the Common Area to own and operate, directly or indirectly through third party lessees or licensees, various concession activities which it may deem appropriate or incidental to the character and operation of the dock club facility, which concessions may include, without limitation, operation of a restaurant, snack stand, boat and other watercraft rentals, boat tours, boat storage, sale of fuel, parking and water sport activities. Declarant shall pay all expenses relating to such concession activity, including its prorata share of the costs of maintenance of parking areas and driveways within the Common Areas utilized in connection with such concession activity. The concession areas are intended to include those shaded areas depicted on Exhibit "C" (for Phase I) and "D" (Built Out) hereto, subject to adjustment by agreement between the Declarant and the Board.

(d) Rental of Moorage Units by Association. The Association may, but shall not be obligated to, provide for the rental of any Owner's Assigned Moorage Unit not occupied by said Owner with said Owner's prior written consent. The Association may further rent, for its own account or for the account of the Owner thereof, the Assigned Moorage Unit of any Owner whose use rights have been suspended in accordance with the provisions hereof. The Association may rent any Assigned Moorage Unit appurtenant to any Undivided Interest which it has acquired by foreclosure or deed in lieu of foreclosure or by any other manner.

(e) Easements for Use. In order to permit the use and occupancy of all Assigned Moorage Units in accordance with the provisions of this Declaration and the Rules and Regulations, each Original Deed by incorporation of this Declaration, shall include a

reservation of an easement for the benefit of each Owner who owns an Undivided Interest for the use and occupancy of all other Undivided Interests, subject to all other provisions of this Declaration and the Association Rules and Regulations.

(f) Easement for Construction. Declarant, for itself and its successors, assigns, agents, employees, contractors, subcontractors and other authorized personnel, shall have, for a period of ten (10) years following the date hereof, an exclusive easement in, over and through the Property for the construction, renovation, rehabilitation, remodeling and refurbishment of the Common Areas, the Dock Systems, and the Moorage Units. The easement reserved hereunder shall include the right to build, remove, relocate, or alter any of the jetties, Docks, Dock Systems, moorings, Moorage Units, rack storage units, or any other component of the dock club facilities, and the right to dredge portions of the Club Parcel and the surrounding waterways and channels including, but not limited to, the right to reconfigure the Project according to the development plan depicted on Exhibit "D", subject to such modifications as Declarant may make in said Exhibit "D". Declarant, in exercising its rights under this easement, agrees to do so in a manner designed to minimize the disruption to existing Undivided Interest Owners, including performing such construction, to the extent feasible, during the off-season months.

(g) Easement Across Commercial Parcel. There is hereby granted for the benefit of each Owner, Permitted Users, renters, and others who are lawfully using and occupying the Project, an easement over and across the Commercial Parcel for (i) ingress and egress to and from Pine Knot Blvd., (ii) use of the restrooms on the Commercial Parcel, and (iii) parking. The Association shall pay all expenses relating to such easement usage activity, including but not limited to its share of the costs of maintenance of parking areas, driveways within the commercial parcel, and restroom maintenance.

2.9 Animals. The Board, through adoption of the Rules and Regulations, shall have the right to restrict or prohibit the presence of any animals within the Project.

2.10 Offensive Activity. No noxious or offensive activity on conduct shall be carried on within any portion of the Project nor shall anything be done therein or thereon which may or would become an annoyance or nuisance to other Owners or Permitted Users. No Moorage Unit nor any portion of the Project shall be used for any trade, business or other commercial activity or solicitation except as expressly permitted by this Declaration. No Owner other than Declarant shall cause or permit the display of any sign or advertising matter on any Dock or any other portion of the Project,

except as permitted in the Rules and Regulations.

2.11 Compliance With Laws. No Owner or Permitted User shall permit anything to be done or kept at his Assigned Moorage Unit or within any other portion of the Project which violates any law, ordinance, statute, rules or regulations of any local, county, state or federal government or agency thereof.

2.12 No Increased Insurance. Nothing shall be done or kept at any Assigned Moorage Unit or within any other portion of the Project which will increase the rate of insurance on the Project without the prior written consent of the Board. No Owner shall permit anything to be done or kept at his Assigned Moorage Unit, or do or place anything within the Project, which would result in the cancellation of insurance for the Project, or any portion thereof.

ARTICLE III

THE ASSOCIATION

3.1 Membership in Association. Each Owner shall be a member of the Association and shall remain a member thereof until he ceases to be an Owner.

3.2 Transfer of Membership. The membership of each Owner in the Association is appurtenant to and inseparable from his ownership of an Undivided Interest and shall be automatically transferred upon any authorized assignment or transfer of the ownership of his Undivided Interest to any assignee or transferee and, except as provided herein, said membership shall be non-transferable whether by gift, bequest or otherwise.

3.3 Voting and Types of Membership. Voting and types of membership shall be in accordance with the provisions of the Bylaws.

3.4 Board of Directors. The Board shall initially consist of three persons appointed by Declarant. At the time of the organizational meeting of Owners, Owners shall elect, in accordance with the Bylaws, a five-person Board replacing the initial Board. The organizational meeting shall take place within than 45 days after the close of escrow of the 126th Undivided Interest, but in no event later than 6 months from the close of escrow of the 1st Undivided Interest. From and after the first election of the Board, one member of the Board shall be elected solely by Non-

Declarant Owners, pursuant to the special election procedures set forth in the Bylaws.

ARTICLE IV

MANAGEMENT

4.1 Powers and Duties Generally. Administration of the Undivided Interest program and operation, maintenance, repair and restoration of the Moorage Units, Dock Systems, the Common Area and the Equipment therein, and any alterations and additions thereto, shall be vested in the Association. The Association, acting alone (through the Board, its officers, or other duly authorized representatives) may, subject to the provisions of the Governing Instruments, exercise any and all rights and powers herein enumerated and, except as specifically limited herein, all the rights and powers of a nonprofit, mutual benefit corporation under the laws of the State of California.

4.2 Specific Powers and Duties of the Association. The management and operation of the Moorage Units and the Undivided Interest program, the acquisition (by purchase or lease), maintenance, repair and replacement of the Dock Systems, the Common Area and Equipment and the administration of the affairs of Owners, the use and occupancy of the Moorage Units and payment, as agent, of expenses and costs enumerated in this Declaration shall be under the direction and control of the Association. The Association shall have the duty to maintain and repair the Moorage Units, the Dock Systems and the Common Area, to acquire (by lease or purchase), maintain, repair and replace Equipment, as needed, to administer the Project as provided herein and to levy, collect and enforce the Assessments and Personal Charges enumerated in this Declaration. The Association shall have the power to do all things that are required to be done by it pursuant to this Declaration. In amplification and not limitation of the foregoing powers and duties, the Association is authorized, on behalf of the Owners, to do any or all of the following:

(a) Bank Accounts - To deposit all funds collected from Owners by the Association in connection with its rights and duties hereunder as follows:

(i) All funds shall be deposited in the Association's general account at a federally insured financial

institution. Funds deposited in the general account may be used by the Association only for the purposes for which such funds have been collected;

(ii) Within thirty (30) days after deposit in the general account, all amounts collected as reserve expenses shall be deposited in the reserve account. The Association shall keep accurate books and records reflecting the amount in the reserve account attributable to each Owner. Funds deposited in the reserve account shall be held in trust and may be used by the Association only for the specific purposes for which such funds have been collected. Interest, if any, earned on reserve account funds may be accumulated therein and used for payment of reserve expenses and any taxes incurred by the Association as a result of the earning of such interest, or may be deposited in the general account and used in the discretion of the Board in accordance with the Budget to defray Basic Expenses.

(b) Purchase and Convey Property. To purchase or convey real or personal property, by deed, lease, easement or other conveyance instrument, including all or any portion of the Club Parcel which the Board determines is necessary or appropriate in connection with the build-out and phasing of the Project, including the power to execute parcel maps, lot line adjustments, or any other instrument in furtherance of or for purposes consistent with the terms of this Declaration. Declarant expressly reserves the right to subdivide the Club Parcel into two new parcels, one of which may contain a restaurant, office, and related space (the "Restaurant Parcel"). In the event Declarant creates the Restaurant Parcel, the Association, through its Board of Directors, shall have the power and duty to convey the Restaurant Parcel to the Declarant by grant deed, lease, easement or other instrument, upon Declarant's request, together with the grant of appropriate cross-easements for ingress, egress and parking between the remainder of the Club Parcel and the Restaurant Parcel, and to execute any other documents or instruments appropriate in connection therewith, in order to allow Declarant to own and operate the Restaurant Parcel as a privately owned business in the same manner as the Commercial Parcel. Declarant shall pay all costs and expenses relating to the creation of the Restaurant Parcel and its conveyance. Following the conveyance of the Restaurant Parcel to Declarant, Declarant shall be solely responsible for all expenses of ownership and operation of said Restaurant Parcel, and Association shall have no further liability therefor.

(c) Delegation - To delegate the authority and responsibilities of the Association hereunder to one or more agents, including, without limitation, the Managing Agent provided

for in paragraph 4.3 below;

(d) Financial Statements - To cause to be regularly prepared financial statements for the Association and copies thereof distributed to all Owners as follows:

(1) A Budget shall be distributed to Owners not less than forty-five (45) days nor more than sixty (60) days before the beginning of each Fiscal Year, except the first Fiscal Year with respect to which the Budget shall be distributed as soon as reasonably possible. The Budget shall contain all of the following:

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

(b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to California Civil Code Section 1365.5, which shall be printed in bold type and include all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component;

(ii) As of the end of the fiscal year for which the study is prepared:

(A) The current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the major components; and

(B) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain major components;

(iii) The percentage that the amount determined for purposes of subsection (b)(ii)(B) above is of the amount determined for purposes of subsection (b)(ii)(A) above.

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

(d) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the cost of future repair, replacement or

additions to those major components that the Association is obligated to maintain.

(2) An Annual Report shall be distributed, within 120 days after the end of each Fiscal Year. The Annual Report shall be prepared in accordance with generally accepted accounting principles and reviewed by a licensee of the California State Board of Accountancy in any Fiscal Year in which the gross income to the Association exceeds \$75,000. If the Annual Report is not prepared by such a licensee, the Annual Report shall be prepared by the Managing Agent or by an officer of the Association and shall be accompanied by the certificate of the person preparing the Annual Report that the Annual Report was prepared without audit from the books and records of the Association.

The Board shall do the following not less frequently than quarterly:

(1) Cause a current reconciliation of the Association's operating accounts to be made and review the same;

(2) Cause a current reconciliation of the Association's reserve accounts to be made and review the same;

(3) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(4) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts; and

(5) Review an income and expense statement for the Association's operating and reserve accounts.

In lieu of the distribution of the Budget and Annual Report, the Board may elect to distribute a summary of the Budget and the Annual Report to each Owner with a written notice, in 10 point bold print type on the front page of the summary, that the Budget and Annual Report are available at the business office of the Association and that copies will be provided upon an Owner's request at the expense of the Association. Any such summary requested shall be mailed to the requesting Owner by first-class United States Mail at the expense of the Association.

(e) Inspection of Books and Records - To provide for inspection of the books and records of the Association, together with minutes of members and governing body meetings and all other records maintained by the Association, on the written demand of any Owner, at any reasonable time during usual business hours, for a

purpose reasonably related to the Owner's interests as a Member. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts;

The Board of Directors of the Association shall establish reasonable rules with respect to:

(1) Notice to be given to the custodian of records by the Owner desiring to make the inspection;

(2) Hours and days of the week when such an inspection may be made; and

(3) Payment of the cost of reproducing copies of documents requested by a Owner or a mortgagee.

Each director shall have the absolute right at any time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

(f) Insurance - To obtain and pay the cost of:

(1) Insurance against loss or damage to the Project, including the Common Areas, the Dock Systems, the Equipment, any of the contents thereof, by fire and other risks and hazards customarily covered by an insurance policy written on an all-risk basis. The stipulated amount of such insurance shall be based on the full replacement cost thereof at the time and place of loss, and either such stipulated amount shall be updated annually by the Association to reflect the then-current estimated full replacement cost thereof, or an endorsement which provides for full reimbursement for the actual cost of repair or replacement thereof, without deduction for depreciation, shall be procured and maintained by the Association. The Association shall be named as a co-insured on all such policies;

(2) Insurance covering the Moorage Units, the Dock Systems, the Equipment and the Association Property against hazards such as burglary and theft, which policy shall name the Association as insured;

(3) To the extent available at a reasonable cost, insurance against loss of earnings, continuing charges and expenses, and such other risks and hazards customarily covered by business interruption insurance policies. Such business interruption insurance shall be combined with insurance against loss due to extra expenses arising out of operating the Project and

the cost of temporary boat and other accommodations for Owners and Permitted Users due to damage to the Moorage Units, the Dock Systems and the Common Areas and Equipment and such other risks and hazards customarily covered by such extra expense insurance policies;

(4) Comprehensive general liability insurance for death, bodily injury and property damage resulting from use of the Project by Owners and Permitted Users with combined single limit liability with regard thereto of not less than \$1,000,000.00 per occurrence; and

(5) To the extent available at a reasonable cost, directors' and officers' liability insurance, Workers' Compensation Insurance and any other insurance deemed necessary or desirable by the Association. Such other policies of insurance shall cover such risks, be written by such insurers, and be in such amounts as the Association shall deem necessary and proper under the circumstances. The Association shall cause to be covered by a fidelity bond or insurance providing for a blanket crime endorsement, any employee or agent of the Managing Agent or the Association who may have charge of funds of any Owner or Permitted User or of the Association. The loss coverage under any such bond or policy shall be not less than the maximum amount of funds of the Association over which the principals under the bond may reasonably be expected to have control or access at any time.

All insurance policies obtained by the Association hereunder shall name all Owners (as a class) as additional insured. Liability insurance shall contain appropriate waivers of subrogation against any Owner or member of such Owner's household, and a provision that no act or omission by an Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or operate as a condition to recovery by any other person under such policy.

Provided that the Association has entered into a lease for the rental of Equipment which so provides, the lessor of such Equipment shall be given prior notification of alteration or cancellation of, and shall be named as an additional insured under any insurance policies maintained by the Association as required pursuant to paragraph 4.2(f).

(g) Legal and Accounting - To obtain and pay the cost of legal and accounting services necessary or proper in the operation, maintenance and repair of the Project and the enforcement of this Declaration, the Bylaws and the Rules and Regulations;

(h) Levy and Collection of Assessments - To levy, collect and enforce Assessments against the Owners in the manner provided in Articles V and VI hereof in order to pay the expenses of the Project operation including the fee of the Managing Agent; and to do all things necessary to enforce each Owner's obligations hereunder;

(i) Maintenance and Repair - The power to repair, maintain, repaint, furnish or refurnish the Project or any part thereof, including the Moorage Units, the Dock Systems and the Common Area; the power to establish reserves for anticipated costs, including the costs of acquisition and replacement of the Moorage Units, the Dock Systems and the Equipment; and the power to acquire and pay for materials, supplies, furniture, furnishings, labor or services which the Association deems necessary or proper for the operation, maintenance and repair of the Project, the Moorage Units, the Dock Systems and the Equipment;

(j) Minutes, Agenda and Policies - To provide each Owner with (1) a copy of the minutes of Board meetings within 60 days following the date of such meeting, (2) a list of the orders of business to be considered at the annual meeting of members not later than 30 days prior to the date for such meeting, which list shall contain the name, address and a brief biographical sketch (if available) of each member nominated to stand for election to the Board, and (3) within 60 days prior to the beginning of each Fiscal Year, a statement of the Association's policies and practices relative to the enforcement of its remedies against Owners for defaults in the payment of any amounts due to the Association, including, without limitation, the recording and foreclosing of liens against Owner's interests in the Project;

(k) Other Necessary Acts - To do all other things or acts deemed by the Association to be necessary, desirable or appropriate for the operation and maintenance of the Project;

(l) Rental of Moorage Units - Subject to the provisions of subsection 2.8(c), above, the power to rent Assigned Moorage Units and the appurtenant right to use the Common Areas to the general public, all as more particularly provided in the Rules and Regulations and in any rental program materials prepared by the Association in connection therewith.

(m) Roster - To compile a roster containing the names, addresses and telephone numbers of all Owners which the Association shall make available for inspection and copying by any Owner - or by his duly appointed representative - at any reasonable time for a purpose reasonably related to membership in the Association. Upon the written request of an Owner, the Association shall furnish such

requester with a copy of the roster and may charge a reasonable fee for the costs of copying the roster. Each Owner who requests and receives a copy of the roster may be required to sign a written agreement by which he agrees not to make any commercial use of the roster or for other purposes not reasonably related to Association business and the member's interest in the Association, or to distribute a copy of the roster to any person who is not an Owner or for any purpose unrelated to any Owner's interest as an Owner and member;

(n) Rules and Regulations - To adopt, publish and enforce, from time to time, Rules and Regulations relating to the possession, use and enjoyment of the Project which Rules and Regulations shall be consistent with the provisions of this Declaration.

(o) Statements of Status; Project Documents -

(1) Within ten (10) days of the mailing or delivery of a request by any Owner, mortgagee, prospective mortgagee, purchaser or other prospective transferee of an Undivided Interest, to issue a statement of status, reflecting the amount of any delinquent assessments or other charges relating to an Undivided Interest and the use entitlement for the balance of the year attributable to such Undivided Interest. Such statement of status shall be binding upon the Association in favor of any person who may rely thereon in good faith;

(2) Within ten (10) days of the mailing or delivery of a request by any Owner, to provide such Owner with a copy of the Declaration, the Articles and the Bylaws; and

(3) The Association may charge a fee for providing the statement of status or the requested documents, which fee shall not exceed the reasonable cost of reproduction and delivery thereof.

(p) Taxes and Assessments - To the extent not separately paid by Owners, to pay all taxes and assessments and other costs affecting or relating to the Project, the Moorage Units, the Dock Systems, or the Equipment and to discharge, contest or protest liens or charges affecting the Project; and

(q) Utilities - To obtain and pay the costs of water, electrical, telephone, cable television, gas, refuse pick-up, garbage disposal and other utility services for the Project, which costs, to the extent not directly attributable to and payable by an Owner, shall be included in Basic Expenses.

4.3 Authority to Engage Managing Agent. The Association shall have the authority to engage and maintain a reputable firm as the Managing Agent for the Project pursuant to a Management Agreement.

The Management Agreement shall delegate authority to the Managing Agent to carry out the duties and obligations of the Association to the Owners, and shall authorize the Managing Agent to employ subagents.

(a) The terms of the Management Agreement shall provide for an initial term which shall expire three (3) years from the effective date thereof, and for automatic renewal prior to its expiration unless either party, not then in default, shall give to the other party written notice of non-renewal at least ninety (90) days prior to the expiration of the term of the Management Agreement, or any automatic renewals thereof. Any such notice of non-renewal by the Association shall require the authorization by vote or written consent of a Majority of the Owners;

(b) The Management Agreement shall permit termination for cause by the Association. In the event that the Managing Agent disputes termination for cause by the Association, the dispute shall be subjected to arbitration in accordance with commercial rules of the American Arbitration Association;

(c) The terms of the Management Agreement shall provide that the resignation of the Managing Agent shall require all of the following:

(i) That the Managing Agent give at least ninety (90) days prior written notice to the Association of its intent to resign;

(ii) That prior to the expiration of the period of said notice, the Association shall have entered into a Management Agreement with another management firm, or shall have made a determination to discharge the duties delegated to the Managing Agent under this Declaration to its own personnel; provided, however, that if the Association shall fail to make reasonable efforts to meet the foregoing requirements, the Managing Agent's resignation shall be effective at the end of such ninety (90) day notice period; and

(iii) That on or before the effective date of the Managing Agent's resignation, termination, or expiration of the Management Agreement, the Managing Agent shall turn over all books and records related to the management and operation of the Project

successor Managing Agent.

(d) The terms of the Management Agreement shall provide that the Managing Agent shall procure and maintain an employee fidelity bond and an errors and omissions insurance coverage for theft, omissions and misappropriation of property and/or other malfeasance by the Managing Agent and/or any of its directors, officers, or employees, or naming the Association as insured in an amount determined by the Board;

(e) The Management Agreement shall further provide for the enumeration of the powers and duties of the Managing Agent in the operation of the program and the maintenance of the Project, shall establish the compensation to be paid to the Managing Agent, the records to be maintained by the Managing Agent, and shall provide for periodic reports and other information to be communicated to the Association and/or Owners by the Managing Agent; and

4.4 Limitation on Powers of the Managing Agent. The Managing Agent shall not enter into a contract with a third person or entity whereby such person or entity will furnish goods or services for the Project for a term longer than one year unless authorized by a Majority of Non-Declarant Owners, except for:

(a) Utilities - A contract with a public utility company if the rates charged for the materials or services are regulated by the California 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;

(b) Insurance - Prepaid casualty and/or liability insurance policies not to exceed three years duration provide that the policy permits short-rate cancellation by the insured; and

(c) The following types of contracts provided that the lessor or provider is not an entity in which the Declarant or the managing agent has a direct or indirect interest of ten percent (10%) or more:

(i) Leases of Equipment; and

(ii) Agreements for security services and equipment.

In addition, the Managing Agent shall not, without the vote or written assent of a majority of the Voting Power of the Association residing in Owners other than the Declarant:

(d) Incur aggregate expenditures for capital improvements to the common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, exclusive of expenditures for items for which reserves are available;

(e) Pay compensation to directors or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

(f) Sell during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year.

4.5 Limited Liability. Neither the Association nor the Managing Agent shall be responsible for the acts, omissions or conduct of any Owner or Permitted User, or for the breach of any of the obligations of any Owner or Permitted User.

4.6 Declarant's Obligations to the Project. For so long as (a) an improvement to be constructed by Declarant as a part of the Project (for which a bond or other security posted by Declarant to assure completion of such improvement remains unexonerated) has not been completed, (b) a Subsidy Agreement continues in effect, or (c) Declarant owns in excess of twenty percent (20%) percent of all Undivided Interests in the Project, Declarant shall, within thirty (30) days after the end of each quarter of the Fiscal Year, furnish to each member of the Board at his or her residence address a Declarant's Report.

If the Declarant's Report is not received by the Board members within forty-five (45) days after the end of a quarter, or if the Declarant's Report received evidences a failure by Declarant to fulfill any obligation of Declarant to the Association, the Board shall hold a special meeting to consider and to vote on the question of initiating action against the Declarant and/or the Declarant's surety to enforce Declarant's unfulfilled obligations.

If, within seventy-five (75) days following the end of the calendar quarter with respect to which the Declarant's Report was either not submitted or reflected a failure by Declarant to fulfill its obligations to the Association, the Board fails to meet to consider and vote on the question of enforcing Declarant's obligations or if, within said seventy-five (75) day period, the Board refuses to initiate action to enforce the Declarant's

unfulfilled obligations, the director of the Association elected solely by the votes of members other than Declarant shall be empowered to initiate action within ninety (90) days after the end of the quarter in the name of the Association and at the Association's expense, including, without limitation, arbitration proceedings as more particularly provided below. If such director initiates an action in the name of the Association, the Board shall thereafter take such steps as are necessary and appropriate in furtherance of the purpose of the action.

Any disagreement or controversy between the Declarant and the Association with respect to the question of the fulfillment of Declarant's obligations to complete and pay for improvements included in the Project, to pay for Basic, Tax and Special Assessments as the Owner of the Declarant Undivided Interests or to pay the costs of operating the Project shall, at the request of either party, be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association; provided, however, that nothing in this subparagraph shall be construed to restrict or limit any rights which the Owners may have pursuant to applicable law. The fee necessary to commence arbitration shall be paid by the party initiating the arbitration proceedings. The cost of arbitration shall ultimately be borne as determined by the arbitrator. If arbitration is requested by a director elected solely by the votes of the Owners other than Declarant as provided above, the Association shall promptly reimburse such director for that and any other costs reasonably incurred in initiating the arbitration proceedings.

ARTICLE V

ASSESSMENTS AND PERSONAL CHARGES

5.1 Creation of Personal Obligations For Assessments. Declarant, for each Declarant Undivided Interest, hereby covenants and each Owner accepting the conveyance of an Undivided Interest, whether or not it shall be so expressed in the Original Deed shall be deemed to have covenanted and agreed, for each Undivided Interest owned, to pay to the Association the Basic Assessment, the Tax Assessment, and all Special Assessments, which shall be established, made and collected as hereinafter provided. Declarant may, in lieu of payment of the Basic Assessment, enter into a Subsidy Agreement with the Association.

Basic Assessments and Tax Assessments shall commence as to all Undivided Interests within each Phase at the same time, which shall

be on the first day of the month following the closing of the escrow of the first sale of an Undivided Interest within that Phase.

Personal Charges shall not be deemed to be Assessments for any purposes hereunder. The Assessments, together with interest thereon, costs and reasonable attorney's fees shall be the personal obligation of each Owner at the time each Assessment becomes due and payable and shall be a lien and charge upon the Undivided Interest against which each Assessment is made. Subject to the provisions of subparagraph 6.2(b), below, the personal obligation for delinquent Assessments shall not pass to successors-in-title unless expressly assumed. No Owner may waive or otherwise avoid liability for the Assessments by non-use of his Undivided Interest or any part thereof or any abandonment thereof.

5.2 Purpose of Assessments. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of the Owners, the operation, maintenance and improvement of the Project, to pay for the administration of the Project operation and reimbursement of expenses incurred by the Association and other expenditures incurred in the performance of the duties of the Association as set forth in this Declaration.

5.3 Limitation on Basic Expenses. If the Board has prepared and distributed to the Owners the annual proforma operating budget in accordance with the Bylaws, the Board shall have the power to impose, without the vote or written assent of the Owners, a Basic Assessment per Undivided Interest which is as much as 20% greater than the Basic Assessment for the immediately preceding Fiscal Year. Any increase in the Basic Assessment sought by the Board without complying with the requirements of the Bylaws relating to preparation and dissemination of an annual budget, or any increase in the Basic Assessment which is more than 20% greater than the Basic Assessment for the immediately preceding Fiscal Year may not be levied without the vote or written assent of a Majority of Non-Declarant Owners. The Association shall provide notice by first-class mail to the Owners of any increase in the Basic Assessment not less than 30 nor more than 60 days prior to the increased assessment becoming due.

5.4 Increase and Reduction of Budget. Each Owner hereby agrees that in the event the Board shall determine at any time during the Fiscal Year that the Budget is, or will be, in excess of the amounts needed to meet the Basic Expenses (other than reserve expenses) for such Fiscal Year, the Board shall have the authority, exercisable in its sole discretion, to cause such excess to be carried over, to meet the Basic Expenses for the next succeeding Fiscal Year. Any reduction in the Budget, as provided herein,

shall not entitle any Owner to any refund nor relieve any Owner from his obligation to pay any past-due Basic or Tax Assessment.

5.5 Basic Assessment. The initial Basic Assessment for each Undivided Interest, including any Declarant Undivided Interest, may vary among Undivided Interests of different Moorage Unit types (slip, mooring, end tie, rack storage, etc.), provided that the proration of such assessments is reasonably related to differences in operating costs related to the different Moorage Unit types.

5.6 Tax Assessment. The Tax Assessment shall be determined as provided in this Paragraph 5.6. If real property taxes are not separately assessed and separately collected by the County against each Undivided Interest, the Association shall levy and collect the Tax Assessment as a private separate assessment against the Undivided Interests. In determining the amount of the Tax Assessment attributable to each Undivided Interest, the Association shall prorate the total tax obligation for the Project among the Owners of Undivided Interests using the same proration method employed for purposes of determining the Basic Assessment under Paragraph 5.5.

5.7 Payment of Basic Assessment and Tax Assessment. The Basic Assessment and Tax Assessment for each Undivided Interest (other than Declarant Undivided Interests during the period of time any Subsidy Agreement is in effect) shall be paid as follows:

(i) For Fiscal Year 1999 and any subsequent Fiscal Year in which an Owner becomes an Owner, the Basic Assessment and Tax Assessment shall be prorated from the beginning of the next calendar quarter following the date of purchase;

(ii) For each Fiscal Year thereafter, the Basic Assessment and Tax Assessment shall be payable quarterly, or upon such other basis as the Board may agree.

5.7 Special Assessments.

(a) Non-Emergency Special Assessments. If the Basic Assessments collected or to be collected for a particular Fiscal Year are, or will be, inadequate to meet all expenses incurred by the Association hereunder (other than for items constituting Personal Charges) for any reason, including without limitation nonpayment by any Owner of any Assessment on a current basis, the Association shall immediately determine the approximate amount of such inadequacy, prepare and distribute a supplemental budget and levy against each Undivided Interest, in accordance with the method for determining the Basic Assessment, a Special Assessment; provided, however, that without approval by a Majority of Owners other than Declarant, Special Assessments shall not, in the

aggregate, exceed five percent (5%) of Basic Expenses for the applicable Fiscal Year, except for Special Assessments against an Owner or Owners for the purpose of reimbursing the Association for costs incurred in bringing the Owner(s) into compliance with the provisions of this Declaration, and except for reconstruction assessments levied pursuant to Section 7.3 hereof. Any Special Assessment shall be payable in one (1) lump sum or periodically, as determined by the Association. The Association shall provide notice by first-class mail to the Owners of any increase in the Special Assessments not less than 30 nor more than 60 days prior to the increased assessment becoming due.

(b) Emergency Special Assessments. The Board may increase assessments necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following:

(1) An extraordinary expense required by an order of a court.

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

(3) An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the Budget. However, prior to the imposition or collection of an emergency assessment the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Owners with the notice of assessment.

5.8 Personal Charges.

(a) Personal Charges are not Assessments and the remedies available to the Association against any Owner for nonpayment of such Owner's Personal Charges are those remedies provided in paragraph 6.1 and subparagraph 6.2(a), below; and

(b) Personal Charges shall be paid by each Owner, to the extent the Association is able to determine the amount of such Personal Charges, when incurred or billed.

5.9 Reserves. A portion of the Basic Assessments shall be deposited into a separate interest bearing reserve fund account or

invested in certificates of deposit issued by a federally insured financial institution for the purpose of creating reserves to ensure payment when due of the cost of repair and replacement of the major components of the Moorage Units, Dock Systems, the Association Property and the Common Areas.

(a) Reserve Expenditures. The board of directors 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 such major components which the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established. However, the board 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 three years 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 believes 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 California Civil Code Section 1366.

(b) Reserve Study. At least once every three years the board of directors shall cause a study of the reserve account requirements of the Project to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half 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. The study required by this section shall at a minimum include:

(1) Identification of the major components 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 30 years;

(2) Identification of the probable remaining useful life of the components identified in subsection (1) as of the date of the study;

(3) An estimate of the cost of repair, replacement, restoration or maintenance of each component identified in subsection (1) during and at the end of its useful life; and

(4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

(c) Reserve Withdrawals. Any withdrawal of funds from the Association's reserve account shall require the signatures of either (i) two members of the Board or (ii) one member of the Board and an officer of the Association who is not a member of the Board.

ARTICLE VI

ENFORCEMENT OF RESTRICTIONS

6.1 In General. In the event that any Owner or his Permitted User(s) should fail to comply with any of the provisions of the Governing Instruments, the Association or any other Owner(s) shall have full power and authority to enforce compliance with the Governing Instruments in any manner provided for herein, by law or in equity, including, without limitation, the right to enforce the Governing Instruments by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Governing Instruments, to enforce the liens provided for herein and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Assigned Moorage Unit of any Owner in any lawful manner. In the event the Association or any Owner(s) shall employ an attorney to enforce the provisions of the Governing Instruments against any Owner or Permitted User, the party engaging the attorney shall be entitled to recover from the party violating any such provisions reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein.

All sums payable hereunder by an Owner which become delinquent shall bear interest at the lesser of eighteen percent (18%) or the maximum rate permitted by law from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in the Declaration, commencing ten (10) days after repayment is requested. Each Owner who becomes delinquent in the payment of any amount due the Association shall

pay to the Association a late charge equal to the greater of Ten Dollars (\$10.00) or ten percent (10%) of the amount of the delinquent payment for each payment which is delinquent. All enforcement powers of the Association shall be cumulative. Each Owner accepting the conveyance of an Undivided Interest shall be deemed to have covenanted and agreed that the Association shall have all of the rights, powers and remedies set forth in this Article VI and elsewhere in this Declaration.

6.2 Certain Specific Enforcement Powers. In amplification of, and not in limitation of, the general powers specified in paragraph 6.1 above, the Association shall have the following rights and powers:

(a) Suspension of Privileges; Monetary Penalties - If any Owner or his Permitted User shall be in breach of the Governing Instruments, including but not limited to the failure of such Owner to pay any Assessment or Personal Charges on or before the due date therefor, subject to the limitations hereinafter set forth in this subparagraph 6.2(a) and in the Bylaws, the Association may suspend the rights of such Owner to reserve or occupy his Assigned Moorage Unit or the Common Areas and the right of such Owner to participate in any vote or other determination provided for herein and may assess monetary penalties, all as provided in the Bylaws. No such suspension, except a suspension of privileges for the failure of such Owner or Permitted User to pay any Assessments or Personal Charges, any portion thereof or any other amount(s) due hereunder on or before the due date therefor, or imposition of monetary penalties shall be made except after a meeting of the Board at which a quorum of the Board is present, duly called and held for such purpose in the same manner as provided in the Bylaws for the noticing, calling and holding of a meeting of the Board. Written notice of such meeting, the purpose thereof, including the reasons for the suspension sought or the monetary penalties sought to be imposed, and whether the Owner or Permitted User's defense shall be oral or written, shall be given to the Owner or Permitted User against whom such activity is to be taken at least fifteen (15) days prior to the holding of such meeting. Such notice shall be given as provided in section 9.3 hereof. Such Owner or Permitted User shall be entitled to appear at such meeting and present his case, either orally or in writing as designated by the Board, as to why his privileges should not be suspended or monetary penalties imposed. The decision as to whether such privileges should be suspended or monetary penalties imposed shall be made by a majority of the members of the Board present at such meeting. Written notice of suspension or monetary penalties imposed, the reasons therefor and the length or amount thereof shall be given to the affected Owner or Permitted User and the suspension or penalties shall become effective on the date such notice is given, which date

shall be not less than five (5) days after the date of such meeting. If such suspension of privileges or imposition of monetary penalties is based on the failure of an Owner to pay Assessments, Personal Charges or any other amount(s) due hereunder when due, the suspended privileges of such Owner shall be reinstated automatically at such time as the Owner shall have paid to the Association, in cash or by cashier's or certified check, all amounts past-due as of the date of such reinstatement together with accrued and unpaid interest and any late charges or other monetary penalties imposed. If such suspension of privileges or imposition of monetary penalties is based on any act or omission other than the failure of an Owner to pay Assessments, Personal Charges or any other amount(s) due hereunder when due, the suspended privileges shall be automatically reinstated upon the expiration of the period stated in the suspension notice or upon payment of the monetary penalties imposed;

(b) Enforcement of Lien - There is hereby created a claim of lien, with power of sale, on each and every Undivided Interest to secure the prompt and faithful performance of each Owner's obligations under the Governing Instruments for the payment to the Association of any and all Assessments levied against any and all Undivided Interests under the Declaration, together with interest thereon at the greater of eighteen percent (18%) or the maximum rate permitted by law from the date of delinquency, and all late charges and costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorney's fees. At any time within ninety (90) days after the occurrence of any default in the payment of such Assessment or performance so secured, the Association or any authorized representative of either may, but shall not be required to make a written demand for payment to the defaulting Owner. Said demand shall state the date and amount of the delinquency with respect to which the Owner is in default. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid or default is not cured within ten (10) days after notice of such demand, or within one hundred (100) days after the date of delinquency or default if no written demand is made, the Association may elect to file and record a notice of delinquent assessment (with a copy to the Mortgagee of such defaulting Owner if such Mortgagee has requested a copy and furnished its name and address to the Association) against the Undivided Interest of the defaulting Owner in the Office of the County Recorder of San Bernardino County. Such a notice of assessment shall be executed and acknowledged by any officer of the Association, and shall contain the information required by applicable law.

Any such lien may thereafter be foreclosed by appropriate action in court or in the manner provided by applicable law. The foreclosing Association shall have the power to bid in at any foreclosure sale, trustee's sale or judgment sale and to purchase, acquire, lease, hold, mortgage and convey any Undivided Interest acquired at such sale, subject to the provisions of this Declaration. Reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. The Association shall not be empowered to cause the absolute forfeiture of an Owner's rights, title or interest in the Project, except pursuant to the procedures contained in this Article.

The proceeds of any foreclosure, trustee's or judgment sale provided for in this Declaration shall first be paid to discharge court costs, court reporter charges, reasonable attorney's fees, title costs and costs of the sale, and all other expenses of the proceedings and sale, and the balance of the proceeds, after satisfaction of such charges, monetary penalties and unpaid Assessments hereunder or any liens, and subject to the rights of any Mortgagee, shall be paid to the defaulting Owner. The purchaser at any such sale shall obtain title to the Undivided Interest free from the sums or performance claimed (except as stated in this subparagraph) but otherwise subject to the provisions of the Governing Instruments; and no such sale or transfer shall relieve such Undivided Interest or the purchaser thereof from liability for any Assessments, other payments or performance thereafter becoming due or from the lien therefor as provided for in this subparagraph. All sums assessed hereunder but still unpaid shall remain the obligation of and shall be payable by the person foreclosed upon, but if such sum should be deemed uncollectible in the reasonable discretion of the Board, then it shall be deemed to be a Basic Expense, collectable from all of the other Owners, including the purchaser thereof at foreclosure, and shall be shared among such Owners in the same manner as other Basic Expenses are shared.

Upon the timely curing of any default for which a notice or claim of lien was filed by the Association, the officers of the Association are hereby authorized to record an appropriate release of such lien in the Office of the County Recorder of San Bernardino County.

6.3 Subordination to Certain Mortgages. The lien provided for herein shall be prior to any encumbrances made by an Owner or imposed by legal process upon any Owner except that the lien provided for herein shall be subordinate to the lien of any first mortgage and to liens for taxes, bonds, assessments and other levies which by law are prior thereto, whether the notice of lien

is recorded prior or subsequent to any such encumbrance. The sale or transfer of any Undivided Interest shall not defeat or affect the lien provided for herein; provided, however, that the sale or transfer of any Undivided Interest which is subject to any first mortgage pursuant to a foreclosure under such first mortgage shall extinguish the lien provided for herein as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Undivided Interest or the purchaser thereof from liability for any Assessments(s) thereafter becoming due or from the lien thereof.

ARTICLE VII

DAMAGE, DESTRUCTION OR CONDEMNATION

7.1 Damage or Destruction. In the event of any damage, destruction or condemnation of the Project, the Dock Systems, the Common Areas or Equipment, whether resulting from an insured or an uninsured casualty, other than by ordinary wear and tear, the Association shall forthwith cause such damage to be repaired and shall use any available insurance or condemnation proceeds for such purposes. If the loss, damage or destruction was caused by the intentional or negligent act or omission to act of any Owner or his Permitted User(s), the cost of such repair shall be a Personal Charge of, and be paid by, such Owner as provided in paragraph 5.8, above, to the extent such loss, damage or destruction is not covered by insurance.

To the extent that any loss, damage or destruction to any portion of the Dock Systems, the Common Area or Equipment is covered by insurance, the Association and the Owners shall have no claim or cause of action for such loss, damage or destruction against any Owner or Permitted User. To the extent that any loss, damage or destruction to the property of any Owner or Permitted User is covered by insurance procured by such Owner or Permitted User, such Owner or Permitted User shall have no claim or cause of action for such loss, damage or destruction against the Board, the Managing Agent, any Owner or Permitted User or the Association. All policies of insurance referred to in this paragraph shall contain appropriate waivers of subrogation.

7.2 Application of Insurance or Condemnation Proceeds. Any insurance or condemnation proceeds available to Owners as the result of any insurance or condemnation proceeds not utilized or required for the repair or restoration of the Project, or the Dock Systems, the Common Areas or Equipment, or any part thereof, shall be distributed by the Association to all Owners (subject to the rights of such Owners' Mortgagees) whose Undivided Interests have

been terminated or diminished as a result of the condemnation or destruction, including Declarant as to each Declarant Undivided Interest in accordance with the method for determining the Basic Assessment; provided, however, that there shall be deducted from the amount due each Owner the amount, if any, due to the Association by such Owner.

7.3 Insufficiency of Insurance Proceeds. If the damage is not covered by insurance proceeds or if available insurance proceeds are insufficient, the Association shall have the power to levy against all Owners a Special Assessment apportioned using the method for calculating the Basic Assessment, and in the total amount required to meet the cost of such repair or restoration. If reconstruction is to take place, the Board shall cause to be executed, acknowledged and recorded in the Official Records of San Bernardino County a certificate declaring the intention of the Owners to rebuild, such certificate to be executed by an officer or agent of the Association duly authorized to execute the same by the Board.

7.4 Approval by Owners; When Required. In the event the amount of the Special Assessment which is required to be levied pursuant to Section 7.3 shall exceed ten percent (10%) of the budgeted gross expenses the Association for such Fiscal Year, such Special Assessment shall be levied only if approved by a Majority of Owners. If such Special Assessment is not so approved or if no action is taken with respect thereto within one hundred eighty (180) days following the date of such damage or destruction, such disapproval or inaction shall be deemed to be an election to terminate the operation by the Association of the destroyed or damaged property.

7.5 Obligation of Board. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such reconstruction at the earliest practical date.

7.6 Damage to Private Property. Any restoration and repair of any damage to an Owner's individual property shall be made by and at the individual expense of the Owner of such property. If an owner fails to make such restoration or repair, the Board in accordance with this Declaration may take appropriate action.

7.7 Determination Not to Rebuild. If a certificate of intention to rebuild has not been executed, acknowledged and recorded within three (3) months from the date of any partial or total destruction of the Common Area, the Moorage Units, or the Dock Systems, or if reconstruction and rebuilding has not actually commenced within such three (3) month period, or if excess insurance proceeds are available over the cost of repair or

restoration, then any available insurance proceeds shall be distributed by the Association, as trustee, among the Owners subject first to (a) the right of the Mortgagee(s) of an Owner's Undivided Interest and then to (b) all unpaid assessments of each Owner together with any interest or fees attributable thereto. The proportionate interest of each Owner in said proceeds for each Undivided Interest owned shall be equal to a fraction, the numerator of which is the fair market value of such Undivided Interest immediately prior to such damage or destruction and the denominator of which is the fair market value of all the Undivided Interests in the Project just prior to such damage or destruction, as determined by an independent real estate appraiser appointed by the Board; provided, said real estate appraiser shall be a member of the American Institute of Real Estate Appraisers, or any successor organization.

7.8 Action for Partition. Subject to the prior written consent of seventy-five percent (75%) of all first Mortgagees (with each Mortgagee having one vote for each Undivided Interest mortgaged), an Owner may bring an action for partition of the Property as if the Owners of all of the Undivided Interests in the Project were tenants-in-common in the entire Project in the same proportion as all Owners own the Common Area upon any of the following events:

(a) More than three (3) years before the filing of the action, the Project shall have been damaged or destroyed so that a material part was rendered unfit for its prior use, and the Project shall not have been rebuilt or repaired substantially to its state prior to the damage or destruction;

(b) Three-fourths (3/4) or more of the Project shall have been destroyed or substantially damaged and Owners holding in the aggregate more than a fifty percent (50%) interest in the Common Areas oppose repair or restoration of the Project; or

(c) The Project shall have been in existence more than fifty (50) years and is then obsolete and uneconomic, and Owners holding in excess of fifty percent (50%) in the Common Areas oppose repair or restoration of the Project.

In the event of such partition, the proportionate interest of each Owner in the insurance proceeds available to the Association and all proceeds of sale of the Project shall be equal to a fraction, the numerator of which is the current fair market value of the Undivided Interests owned by such Owner and the denominator of which is the total fair market value of all Undivided Interests in the Project, as determined as of a date immediately prior to the partition by an independent appraiser

appointed by the Board; provided said independent appraiser shall be a member of the American Institute of Real Estate Appraisers, or any successor organization.

7.9 Sale by the Association. In addition to the right of any Owner to bring a suit for partition as provided in Section 7.8 hereof, the Association, acting through its Board, is hereby granted an irrevocable power of attorney to sell the entire Project for the benefit of all Owners thereof when partition of the Project may be had under this Article VII. This power of attorney shall:

(a) Be binding on all Owners:

(b) Be exercisable only after prior written approval of not less than a majority of Owners in the Project; and

(c) Be exercisable only after recordation by the duly authorized officers of the Association of a certificate setting forth compliance with the foregoing condition, which certificate shall be conclusive evidence thereof in favor of any person relying thereon in good faith. Nothing herein shall be deemed to prevent partition of a co-tenancy in any Undivided Interest.

ARTICLE VIII

DEDICATION AND PHASING

8.1 Dedication. Phase I of the Project shall consist of the first 250 Undivided Interests out of a total possible 650 Undivided Interests. Declarant reserves the right to dedicate the 400 Undivided interests not included in Phase I (the "Future Interests") in one or more additional phases.

(a) Dedication by Declarant - Declarant may dedicate to this Declaration all or any of the Future Interests without the consent of any Owner at any time and from time to time prior to the tenth anniversary of the date of recording of this Declaration. Upon such dedication and at all times thereafter, this Declaration shall govern the ownership, use and transfer of all of the Undivided Interests so dedicated, and assessments shall commence as to the Undivided Interests so dedicated, subject to any outstanding Subsidy Agreement. Notwithstanding anything to the contrary in this Declaration, the Association shall not be obligated to furnish maintenance or other services to the owner of the Future Interests until assessments thereon are commenced.

(b) Procedure for Dedication of Future Interests - The dedication of all or any portion of the Future Interests to the

regime of this Declaration shall be effected by recording in the office of the county recorder of San Bernardino County a Declaration of Dedication with respect to the Future Interests to be annexed, which shall extend the scheme of this Declaration to such Future Interests, and which shall contain the following:

(i) A legal description of the property being dedicated;

(ii) A statement submitting the Future Interests to this Declaration, which shall be referred to by title, date of recording and instrument number;

(iii) A description of the number and type of Moorage Units to be identified in connection with said Future Interests, including any changes required to the project site plan attached as Exhibit "B" hereto; and

(iv) Such other terms and conditions as Declarant deems advisable or necessary; provided, however, that such terms and conditions shall not be inconsistent or in conflict with the terms and provisions hereof, nor adversely or materially affect the interest of Owners hereunder.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Amendment. This Declaration may be amended as follows:

(a) By Declarant at any time prior to the recording of the first sale of an Undivided Interest;

(b) By a Majority of Non-Declarant Owners, provided that paragraph 9.2 below may not be amended except by a Super-Majority of Owners;

(c) By the Association, for the purposes and under the conditions stated in California Civil Code Section 1355.5 in order to terminate certain easements held by Declarant.

The percentage of the voting power necessary to amend a specific clause or provision in the Declaration shall not be less than the prescribed percentage of affirmative votes or written assents required for action to be taken under that clause. Any amendment shall be binding upon every Owner and every Undivided Interest whether the burdens thereon are increased or decreased. Any amendment authorized hereby shall be evidenced by an instrument

in writing, signed and acknowledged, (i) in the event of an amendment pursuant to clause (a) or (c) by Declarant or (ii) in the event of an amendment pursuant to clause (b) by an officer of the Association, which amendment shall be effective upon filing in the Office of the County Recorder of San Bernardino County, California.

9.2 Termination.

(a) Term of Declaration. This Declaration shall remain in effect until terminated in accordance with the terms hereof.

(b) Termination by Super-Majority. This Declaration may be terminated at any time after fifty (50) years from the date of recordation of this Declaration by a Super-Majority of Owners electing to terminate the Declaration and authorizing the Association, as trustee for all Owners, to sell the Project subject to the rights of any first mortgagees of the Project. In such event Declarant, for each Declarant Undivided Interest and each Owner, by accepting the conveyance of an Undivided Interest, whether or not it shall be so expressed in the Original Deed, hereby confers upon the Association as trustee the power and authority to sell, convey or otherwise transfer the Project, and this Declaration shall terminate upon the consummation of such sale and the recordation of an instrument stating that this Declaration is terminated pursuant to subparagraph 9.2(b). Notwithstanding the termination of this Declaration as hereinabove provided in this subparagraph 9.2(b) and the termination thereby of all of the covenants, conditions, restrictions, easements, rules and regulations, liens and equitable servitudes created by this Declaration, the existence of the Association shall continue for so long as reasonably required to provide for the collection and disbursement of the proceeds from the sale, conveyance or transfer of the Project.

(c) Petition for Court Order. In the event that no conveyance, sale or transfer of the Project shall have been effected by the Association within nine (9) months after the event described paragraph 9.2(b) occurred, any Owner, including Declarant, shall have the right to petition a court of competent jurisdiction for the sale of the Project in lieu of partition. Such court shall recognize and give effect to any agreement, document or instrument made or entered into by the Association within said nine (9) month period, and pursuant to which the Project shall be conveyed, sold or transferred.

(d) Distribution of Proceeds - The proceeds from a sale of the Project (i) by the Association pursuant to the power of sale conferred upon the Association as set forth in subparagraph 9.2(b), or (ii) by a referee appointed to do so pursuant to a court decree

obtained pursuant to subparagraph 9.2(c) above, shall be distributed by the Association as trustee to each Owner, including Declarant, with respect to each Undivided Interest owned (subject to the rights of each Owner's first mortgagee) in accordance with the method for determining the Basic Assessment; provided, however, that there shall be deducted from the amount due any Owner the amount, if any, of all sums due to the Association from such Owner.

9.3 Notices. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given either when delivered personally at the appropriate address set forth (in which event, such notice shall be deemed effective only upon such delivery) or forty-eight (48) hours after deposit of same in any United States post office box in the state to which the notice is addressed or seventy-two (72) hours after deposit of same in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth below. Any notice to an Owner required under this Declaration shall be addressed to the Owner at the last address for such Owner appearing in the records of the Association or, if there be none, at the address of the Project. Notices to the Association shall be addressed to The Dock Club at Pine Knot Landing, P.O. Box 1621, 400 Pine Knot Avenue, Big Bear Lake, California 92315. Notices to the Managing Agent shall be addressed to the address designated by the Managing Agent by written notice to all Owners. Notices to Declarant shall be addressed to Pine Knot Landing, LLC, 567 Armsley Square, Ontario, California 91762. The addressees and addresses for purposes of this paragraph 9.3 may be changed by giving notice of such change in the manner herein provided for giving notice. Unless and until such notice is received, the last address and address as stated by notice or as provided herein, if no notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

9.4 Notification of Sale of Undivided Interest. No later than thirty (30) days prior to the sale or transfer of any Undivided Interest under circumstances whereby the transferee becomes the Owner thereof, the transferor or transferee shall furnish the Association in writing (a) the name and address of the transferee and transferor, (b) the date on which such sale or transfer is to be consummated, (c) a statement executed by the transferee that the transferee has received from the Owner, and acknowledges receipt of, a copy of the Governing Instruments, (d) a statement executed by the transferee that the transferee has received a copy of the then effective Association Budget and a statement from the Association as to the amount of assessments, late charges, interest and costs which are or may become a lien on the Undivided Interest being transferred, (e) a statement executed by the transferee that the transferee agrees to be bound by all of

the provisions of the Governing Instruments, (f) the name and address of any mortgagee of such transferor or transferee and executed by the transferee that such other information as may then be required by law has been furnished by the transferor. Any outstanding and unpaid Assessments and Personal Charges shall be paid to the Association prior to the transfer of such Undivided Interest. Unless and until such notice is given and any unpaid Assessments and Personal Charges have been paid to the Association on behalf of the transferor, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Association.

Prior to (a) receipt of any such notification by the Association or the Managing Agent or (b) the payment of Assessments and Personal Charges by the transferor, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

9.5 Severability. If any provision of this Declaration, or any section, sentence, clause, phrase or word or the application thereof in any circumstance shall be held invalid, the validity of the remainder of this Declaration and of the application of such provision, sentence, clause, phrase or word under any other circumstance shall not be affected thereby.

9.6 Successors. The provisions of this Declaration shall be binding upon all parties having or acquiring any Undivided Interest or any right, title or interest therein, and shall be for the benefit of each Owner and his heirs, successors and assigns. Each Owner (including Declarant) shall be fully discharged and relieved of liability on the covenants herein insofar as such covenants relate to each Undivided Interest upon ceasing to own such Undivided Interest and paying all sums and performing all obligations hereunder insofar as the same relate to each Undivided Interest up to the time his ownership interest terminated.

9.7 Violation or Nuisance. Every act or omission whereby any provision of the Governing Instruments is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner.

9.8 Interpretation. The captions of the articles, paragraphs and subparagraphs hereof are for convenience only and shall not be considered to expand, modify or aid in the interpretation, construction or meaning of this Declaration. As used herein, the singular shall include the plural and the masculine shall include the feminine and neuter.

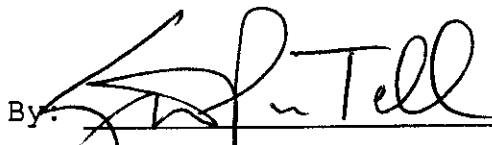
9.9 No Waiver. The failure to enforce any provision of this Declaration shall not constitute a waiver thereof or of the right to enforce such provision thereafter.

9.10 Restrictive Agreements. No Owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of his Undivided Interest on the basis of race, color, creed, sex or age.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the day and year first above written.

"DECLARANT"

PINE KNOT LANDING, LLC,
a California limited liability company

By: 
Its: MANAGER

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

On January 5, 2000, before me RICARDO A. PINEDA JR.,
personally appeared STEVE PONTELL, personally known
to me (or proved to me on the basis of satisfactory evidence) to be
the person(s) whose name(s) is/~~are~~ subscribed to the within
instrument and acknowledged to me that he/~~she~~/~~they~~ executed the
same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by
his/~~her~~/~~their~~ signature(s) on the instrument the person(s), or the
entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

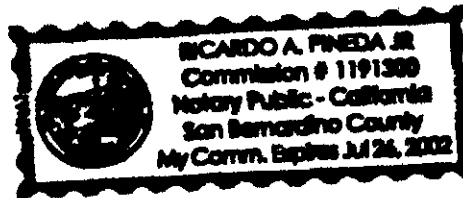
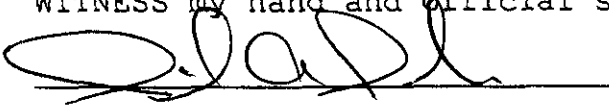


Exhibit A
LEGAL DESCRIPTION

PARCEL 1:

ALL THAT PORTION OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 19, TOWNSHIP 2 NORTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT WHICH IS NORTH 0 DEGREES 19' 00" EAST, 60.00 FEET FROM THE INTERSECTION OF THE CENTERLINE OF PINE KNOT AVENUE AND THE SOUTH LINE OF THE NORTHEAST $\frac{1}{4}$ OF SAID SECTION 19, AS SHOWN ON THE PINE KNOT SUBDIVISION RECORDED IN BOOK 21 OF MAPS, PAGE 55, RECORDS OF SAID COUNTY; THENCE ALONG THE CENTERLINE OF THE NORTHERLY EXTENSION OF PINE KNOT AVENUE, NORTH 0 DEGREES 19' 36" EAST, 378.85 FEET TO A POINT IN THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO THE COUNTY OF SAN BERNARDINO BY BEAR VALLEY MUTUAL WATER COMPANY ON NOVEMBER 16, 1966, AND RECORDED IN BOOK 6729, PAGE 656 OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTH 89 DEGREES 39' 15" EAST, 25.00 FEET TO THE TRUE POINT SOUTH 89 DEGREES 39' 15" EAST, 167.72 FEET; THENCE SOUTH 0 DEGREES 19' 36" WEST, 77.93 FEET; THENCE NORTH 89 DEGREES 27' WEST, 28.00 FEET ON A LINE PARALLEL WITH THE SAID SOUTH LINE OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 19; THENCE SOUTH 0 DEGREES 19' 36" WEST, 101.97 FEET ON A NORTHERLY EXTENSION OF PINE KNOT AVENUE TO A POINT THAT LIES NORTH 0 DEGREES 19' 36" EAST, 260.00 FEET FROM THE SAID SOUTH LINE OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 19; THENCE NORTH 89 DEGREES 27' WEST, 140.00 FEET ON A LINE PARALLEL WITH THE SOUTH LINE OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 19 TO A POINT ON THE EAST LINE OF SAID SAN BERNARDINO COUNTY PARCEL OF LAND; THENCE ALONG SAID LINE, NORTH 0 DEGREES 19' 36" EAST 77.38 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST WHOSE RADIUS IS 45.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE 30.58 FEET THROUGH A CENTRAL ANGLE OF 38 DEGREES 56' 33" TO A POINT OF REVERSE CURVE; THENCE CURVING TO THE LEFT ALONG A RADIUS OF 45.00 FEET, AN ARC DISTANCE OF 74.76 FEET THROUGH A CENTRAL ANGLE OF 95 DEGREES 11' 34"; THENCE NORTH 0 DEGREES 19' 36" EAST, 7.57 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2

ALL THAT PORTION OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 19, TOWNSHIP 2 NORTH, RANGE 1 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE SAID NORTHEAST $\frac{1}{4}$ OF SECTION 19; THENCE NORTH 89 DEGREES 25' 45" WEST, 506.28 FEET (NORTH 89 DEGREES 25' 45" WEST, 506.07 FEET RECORD, PER PINE KNOT SUBDIVISION, RECORDED IN BOOK 21 OF MAPS, PAGE 55, SAN BERNARDINO COUNTY RECORDS) ALONG THE SOUTH LINE OF THE SAID NORTHEAST $\frac{1}{4}$ OF SECTION 19 TO THE INTERSECTION OF THE CENTERLINE OF PINE KNOT AVENUE, AS SHOWN ON THE SAID PINE KNOT SUBDIVISION; THENCE NORTH 0 DEGREES 19' EAST, 60.00 FEET; THENCE SOUTH 89 DEGREES 25' 45" EAST 165.00 FEET ALONG THE NORTH LINE OF 60.00 FOOT WIDE BIG BEAR BOULEVARD, SAID LINE LYING PARALLEL TO AND 60 FEET FROM THE SAID SOUTH LINE OF THE NORTHEAST $\frac{1}{4}$ SECTION 19 TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO FOREST PROPERTIES, INC., BY TRANSWESTERN LAND RESEARCH AND DEVELOPMENT ON MARCH 1, 1972, AND RECORDED IN BOOK 7874, PAGES 865 AND 866, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 0 DEGREES 20' 51" EAST 234 FEET (NORTH 0 DEGREES 19' 36" EAST, 234.00 FEET RECORD PER SAID OFFICIAL RECORDS, IN BOOK 7874, PAGES 865 AND 866) ON A LINE PARALLEL TO AND 165.00 FEET FROM THE CENTERLINE OF THE NORTHERLY EXTENSION OF PINE KNOT AVENUE TO THE NORTHWEST CORNER OF SAID LAND CONVEYED TO FOREST PROPERTIES, INC., RECORDED IN BOOK 7874, PAGES 865 AND 866, SAID NORTHWEST CORNER BEING THE TRUE POINT OF BEGINNING; THENCE FROM THE TRUE POINT OF BEGINNING SOUTH 89 DEGREES 25' 45" EAST, 91.25 FEET (SOUTH 89 DEGREES 27' EAST, 90.93 FEET RECORD PER SAID OFFICIAL RECORDS IN BOOK 7874, PAGES 865 AND 866) ON A LINE PARALLEL TO THE SAID NORTH LINE OF 60 FOOT WIDE BIG BEAR BOULEVARD TO ITS INTERSECTION WITH THE WEST LINE OF A 68 FOOT WIDE SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT EASEMENT, DEEDED TO SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT BY DEED RECORDED OCTOBER 27, 1959 IN BOOK 4966, PAGE 136, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 0 DEGREES 18' 30" EAST, 119.74 FEET (NORTH 0 DEGREES 17' 15" EAST RECORD PER DEED RECORDED SEPTEMBER 1, 1970 IN BOOK 7509, PAGES 49 AND 50, OFFICIAL RECORDS OF SAID COUNTY ALONG THE WEST LINE OF SAID SAN BERNARDINO COUNTY FLOOD CONTROL DRAINAGE EASEMENT TO THE NORTHEAST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO FOREST PROPERTIES, INC., IN SEPTEMBER 1, 1970, AND RECORDED IN BOOK 7509, PAGES 49 AND 50, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 62 DEGREES 57' 40" WEST, 57.99 FEET (NORTH 62 DEGREES 56' WEST, 57.63 FEET RECORD PER DEED RECORDED SEPTEMBER 1, 1970, IN BOOK 7509, PAGES 49 AND 50, OFFICIAL RECORDS OF SAID COUNTY); THENCE NORTH 89 DEGREES 38' 04" WEST, 11.32 FEET (NORTH 89 DEGREES 39' 15" WEST 11.63 FEET RECORD PER SAID OFFICIAL RECORDS IN BOOK 7509, PAGES 49 AND 50) TO THE NORTHEAST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO BIG BEAR BOAT LANDING, INC., ON FEBRUARY 5, 1971, AND RECORDED IN BOOK 7604, PAGES 250, 251 AND 252, OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTH 0 DEGREES 210' 51" WEST 77.60 FEET (SOUTH 0 DEGREES 19' 36" WEST 77.93 FEET RECORD PER SAID OFFICIAL RECORD 7604, PAGES 250, 251 AND 252) ALONG THE EAST LINE OF SAID PARCEL OF LAND CONVEYED TO BIG BEAR BOAT LANDING, INC., IN BOOK 7604, PAGES 250, 251 AND 252; THENCE NORTH 89 DEGREES 25' 45" WEST 28.03 FEET (NORTH 89

DEGREES 27' WEST 28.00 FEET RECORD PER SAID OFFICIAL RECORD 7604, PAGES 250, 251 AND 252) THENCE SOUTH 0 DEGREES 20' 51" WEST 67.94 FEET (SOUTH 0 DEGREES 19' 36" WEST RECORD PER SAID OFFICIAL RECORD 7604, PAGES 250, 251 AND 252) ALONG THE EAST LINE OF SAID PARCEL OF LAND CONVEYED TO BIG BEAR BOAT LANDING INC. IN BOOK 7604, PAGES 250, 251 AND 252, TO THE TRUE POINT OF BEGINNING.

PARCEL 3

ALL THAT PORTION OF THE NORTHEAST $\frac{1}{4}$ OF SECTION 19, TOWNSHIP 2 NORTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID NORTHEAST $\frac{1}{4}$ OF SECTION 19; THENCE NORTH 89 DEGREES 25' 45" WEST 506.25 FEET (NORTH 89 DEGREES 25' 45" WEST 506.07 FEET RECORD, PER PINE KNOT SUBDIVISION RECORDED IN BOOK 21 OF MAPS, PAGE 55, SAN BERNARDINO COUNTY RECORDS) ALONG THE SOUTH LINE OF SAID NORTHEAST $\frac{1}{4}$ OF SECTION 19 TO THE INTERSECTION OF THE CENTER LINE OF PINE KNOT AVENUE, AS SHOWN ON THE SAID PINE KNOT SUBDIVISION; THENCE NORTH 0 DEGREES 19' EAST 60.00 FEET; THENCE NORTH 0 DEGREES 20' 51" EAST 378.85 FEET ALONG THE CENTER LINE OF THE NORTHERLY EXTENSION OF PINE KNOT AVENUE TO A POINT IN THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND CONVEYED TO THE COUNTY OF SAN BERNARDINO BY BEAR VALLEY MUTUAL WATER CO. ON NOVEMBER 16, 1966 AND RECORDED IN BOOK 6729, PAGE 656, OFFICIAL RECORDS OF SAID COUNTY, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE FROM THE TRUE POINT OF BEGINNING NORTH 89 DEGREES 38' 04" WEST 25.00 FEET TO THE NORTHEAST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO JULIO A.S. LEDO AND RAE LIVINGSTON LEDO BY POLEETE J. CARABEL ON AUGUST 23, 1971, AND RECORDED IN BOOK 7736, PAGES 788 AND 789, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING NORTH 89 DEGREES 38' 04" WEST 25.00 FEET; THENCE NORTH 0 DEGREES 20' 47" EAST 142.98 FEET; THENCE NORTH 11 DEGREES 07' 50" EAST 106.89 FEET; THENCE NORTH 0 DEGREES 20' 47" EAST 252.00 FEET; THENCE SOUTH 89 DEGREES 39' 13" EAST 60.00 FEET; THENCE SOUTH 0 DEGREES 20' 47" WEST 357 FEET; THENCE SOUTH 15 DEGREES 16' 42" EAST 106.97 FEET; THENCE SOUTH 89 DEGREES 38' 04" EAST 116.55 FEET; THENCE NORTH 11 DEGREES 30' 26" EAST 134.25 FEET THENCE NORTH 2 DEGREES 45' 42" EAST 150.56 FEET; THENCE NORTH 0 DEGREES 33' 24" EAST 250.29 FEET; THENCE NORTH 87 DEGREES 48' 30" EAST 47.00 FEET; THENCE SOUTH 2 DEGREES 11' 30" EAST 473.00 FEET; THENCE SOUTH 10 DEGREES 13' 23" WEST 118.69 FEET TO THE NORTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO THE SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT BY THE BEAR VALLEY MUTUAL WATER COMPANY ON OCTOBER 27, 1959 AND RECORDED IN BOOK 4966, PAGE 136, OFFICIAL RECORDS OF SAID COUNTY; THENCE SOUTH 0 DEGREES 18' 30" WEST 11.10 FEET ALONG THE WEST LINE OF THE SAID SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT PARCEL TO THE NORTHEAST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO FOREST PROPERTIES, INC.,

BY RALPH T. AND BARBARA R. ROLAPP AND FRANK H. AND LOUISE T. ROLAPP ON SEPTEMBER 1, 1970 AND RECORDED IN BOOK 7509, PAGES 49 AND 50, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 62 DEGREES 57' 40" WEST 57.99 FEET ALONG THE NORTHEASTERLY LINE OF SAID LAND CONVEYED TO FOREST PROPERTIES, INC., (NORTH 62 DEGREES 56' WEST 57.63 FEET RECORD, PER SAID DEED RECORDED IN BOOK 7509, PAGES 49 AND 50, OFFICIAL RECORDS); THENCE NORTH 89 DEGREES 38' 04" WEST 204.35 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4

AN EASEMENT FOR INGRESS AND EGRESS AND PUBLIC UTILITIES OVER AND ACROSS THE WEST 25 FEET OF PARCELS 1 AND 2 OF PARCEL MAP 7396, AS PER MAP RECORDED IN BOOK 72 OF PARCEL MAPS, PAGE 63, RECORDS OF SAID COUNTY.

1999 SEASON PINE KNOT LANDING

439 PINE KNOT AVE.
P.O. BOX 1621
BIG BEAR LAKE, CA 92316
(909) 866-BOAT (2628)
FAX (909) 866-4485

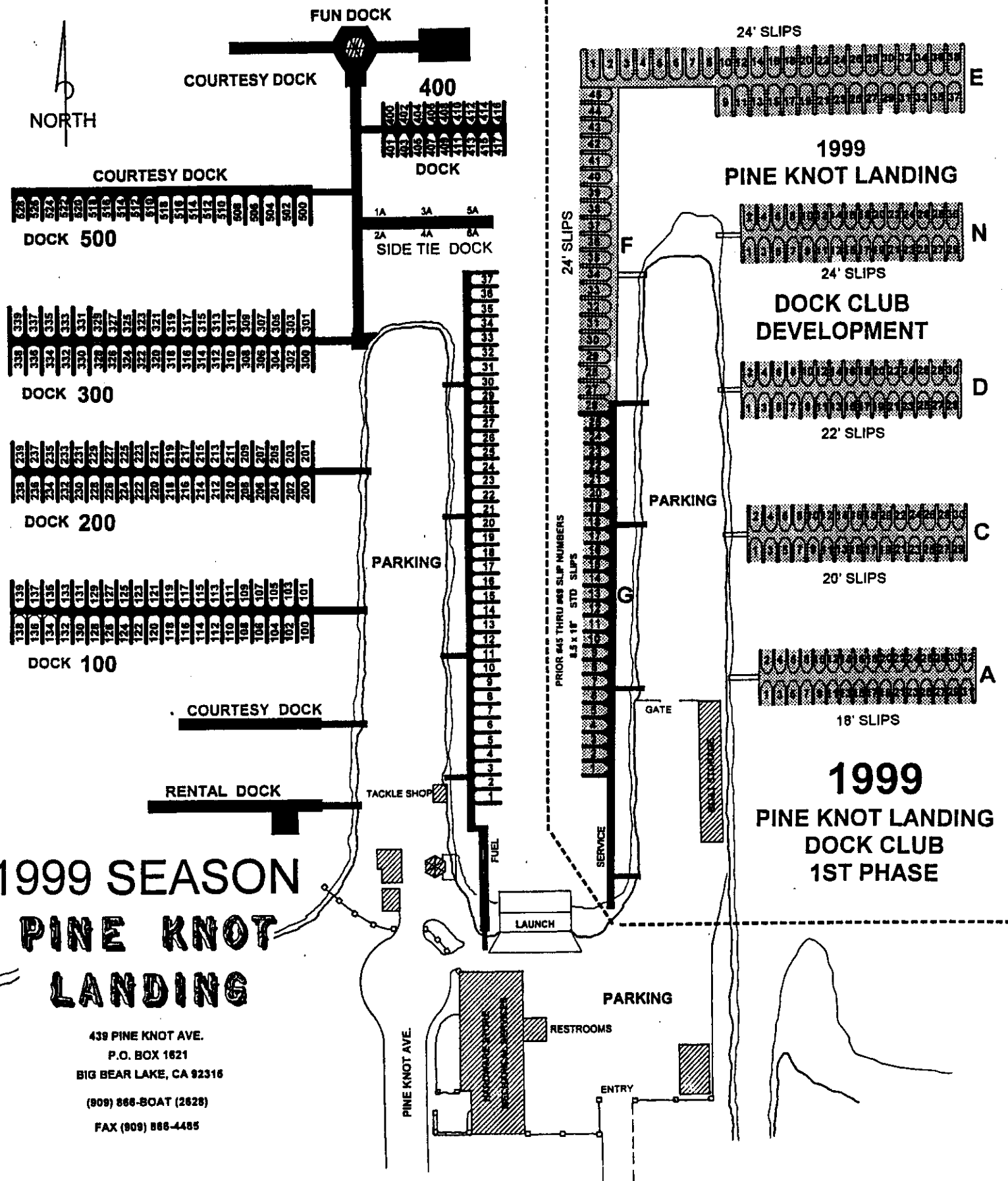
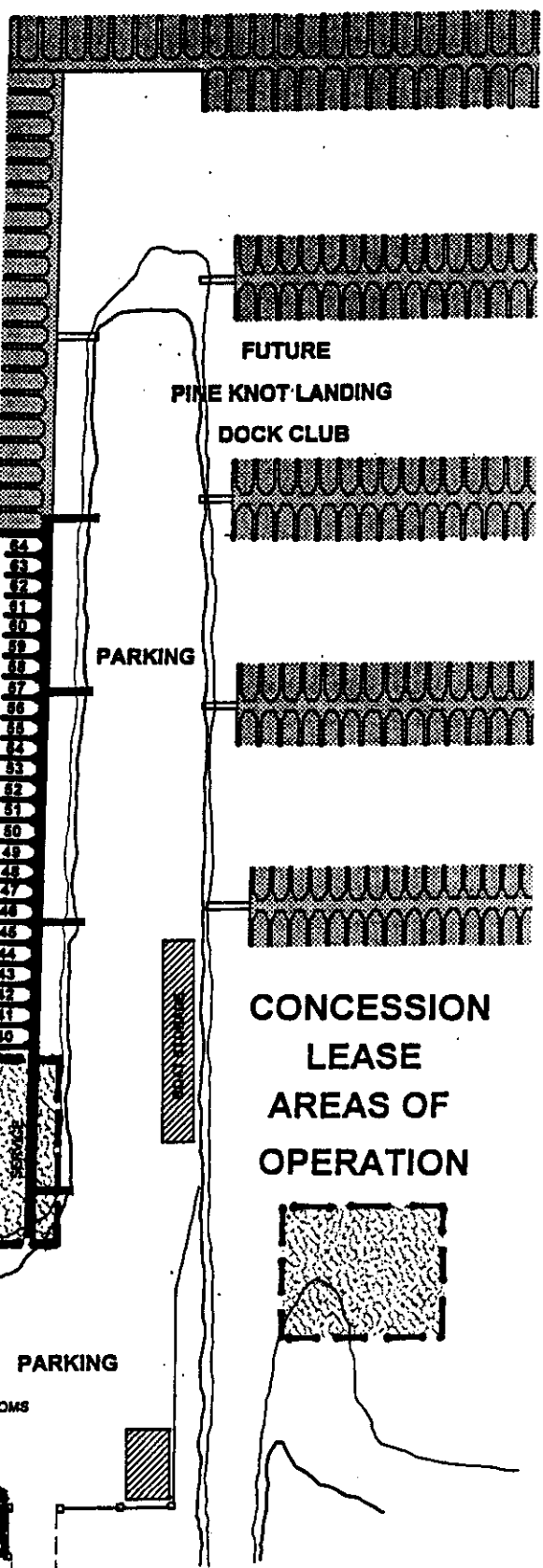
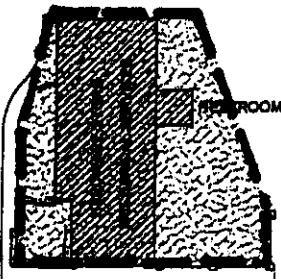
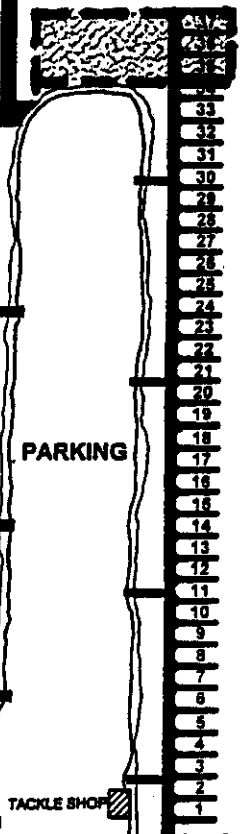
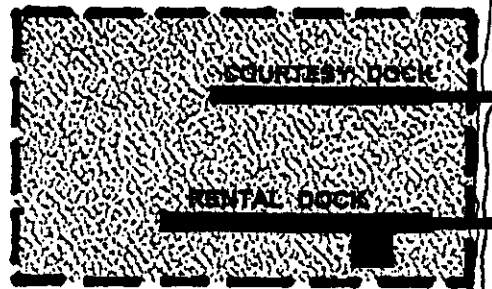
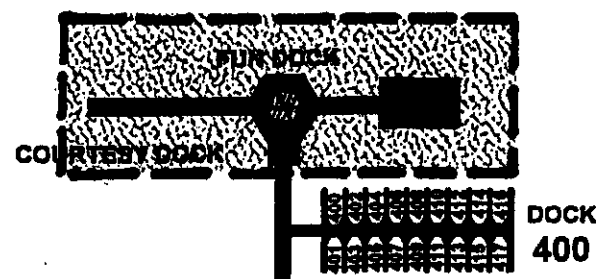


Exhibit B

NORTH

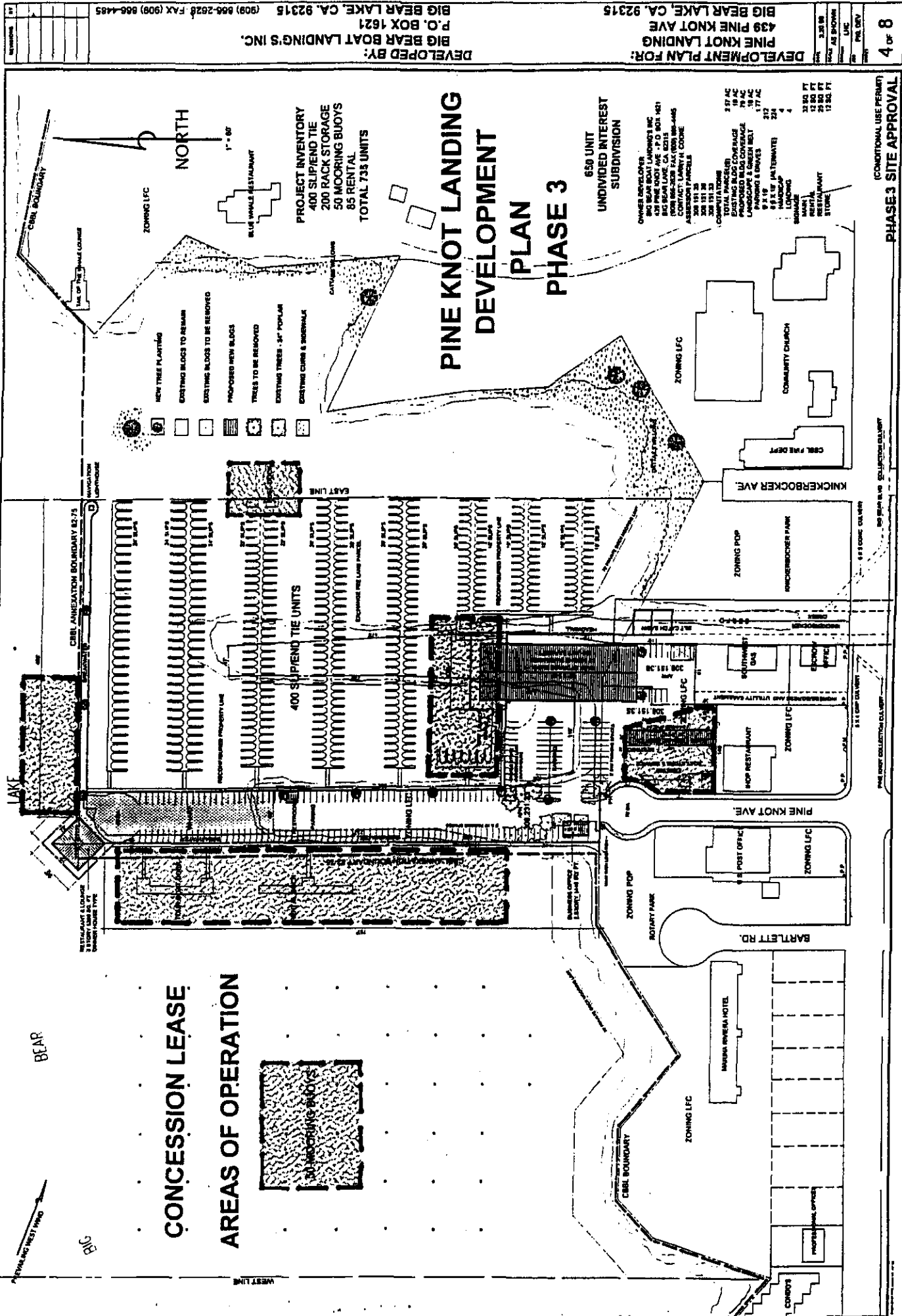


1999 SEASON PINE KNOT LANDING

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(909) 866-SOAT (2628)
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Exhibit C

EXISTING FACILITY



DEVELOPED FACILITY

Exhibit E

PHASE 3 SITE APPROVAL

4 of 8