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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR DYNASONICS CORPORATION

This Declaration is made by Dynasonics Corporation, a Minnesota corporation, hereinafter referred to as the "Declarant," concerning that certain real property described as Tract 3312, as per map recorded in Book 32, Pages 106-111 inclusive, of maps in the Office of the County Recorder of Kern County, California. All previous covenants, conditions and restrictions recorded with reference to said tract are hereby cancelled. This Declaration is made, in contemplation of the following facts:

FIRST: Declarant is the owner of the above described real property and intends to impose thereon certain beneficial restrictions upon a general plan of improvement for the benefit of said property and the future owners thereof.

SECOND: It is the Declarant's intention that all said property be held, conveyed, encumbered, used and improved as a real estate development project encompassing non-dedicated and dedicated, but not accepted, access and frontage roads, and drainage easements subject to the covenants, conditions and restrictions contained in this Declaration, all of which are in furtherance of a plan for the use, improvement and sale of said property.

THIRD: All of the covenants, conditions and restrictions contained in this Declaration shall run with the land and shall be binding on all parties having or claiming in any manner whatever any right, title or interest in said property or any part thereof.

NOW, THEREFORE, in consideration of the foregoing, Declarant does

hereby declare that such covenants, conditions and restrictions are as follows:

1. DEFINITIONS. As used in this Declaration.

a. The term "non-dedicated street" shall refer to a parcel of land or non-exclusive easement not owned by the County, cities or State or Federal Governments, which is not offered for dedication for public use and which is used or intended to be used for access to the lots within the subdivision itself, or parcels adjacent thereto.

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b. "Project" shall be defined to mean the entire parcel of real property (Tract 3312).

c. "Common area" is the land and real property defined as pertaining to Tract 3312 Lots 207 and 208 and all dedicated but not accepted streets, equestrian trails and access roads.

d. "Owner" shall be defined to mean the person or other legal entity owning a parcel. Owner or record owner shall include the person or other legal entity owning title in fee to one or more parcels or buying one or more parcels by means of real property installment contract.

e. The term "Parcel" shall mean a lot in Tract 3312.

a. Type of Organization. The owners of parcels within the project shall comprise an incorporated association to be known as MOUNTAIN VALLEY ASSOCIATION

Annual and special meetings of owners shall be held in accordance with the By-laws of said association. In any such meeting the presence in person or by proxy of owners owning the majority of the parcels in the project shall constitute a quorum. Each owner shall be entitled to one (1) vote for each parcel owned.

b. Organization Meeting. An organizational meeting of the owners

shall be held at a place in or near Tract 3312 no later than 30 days following the consumation of the sales of the first parcel, and in no event later than June 1, 1975. Notice of the time and place of such organization meeting shall be given by the Declarant, or its authorized agent, to the owners in writing by mailing such notice to the address of each respective owner as shown in the records of the Declarant.

3. Membership:

a. Each owner as heretofore defined, of a lot in the Tract shall automatically become a member of **MOUNTAIN VALLEY ASSOCIATION,**

a California non-profit corporation, hereinafter called the "Association".

b. Any member who owns more than one lot shall be deemed to have one vote for each lot owned. The developer shall be deemed a member as long as any lot in recorded Tract in the Development Area remains unsold, and shall be entitled to one vote for each unsold lot.

4. FUNCTIONS AND PURPOSE OF ASSOCIATION:

(a) Each owner as heretofore defined, of a lot in the Tract does by agreeing to purchase a lot, hereby agree to be bound by the Articles of Incorporation and By-laws, as they now exist or as they may be hereafter amended, of the Association. Said Articles and By-laws of the Association provide for the levying of assessments against its members for the purpose of assuming the ownership, the operation and care and maintenance of all of the following property located in the Tract:

(i) Any and all non-dedicated and dedicated, but not accepted, streets in said subdivision and non-dedicated and dedicated, but not

accepted, access roads to such tract;

(ii) All signs required by Section 5838 (B) of Ordinance Number G-1120 of Kern County California;

(iii) Lots 207 and 208 of said Tract to be used as a park;

(iv) All equestrian trails in said Tract as marked on said Tract map;

As security for this payment of assessments due from owners to the Association, the Association has, shall have and is hereby given liens on lots in the Tract belonging to owners who have failed to pay said assessments and for foreclosure thereof in a manner similar to the provisions of Section 1356 of the California Civil Code, all as more particularly provided for herein and in the By-laws of the Association.

5. Assessments and Maintenance Fund. All assessments levied by the Board of Directors pursuant to this Declaration, whether designated a basic assessment or a further assessment, shall be paid equally by the owners of the parcels in the project, and no parcel may be assessed an amount per month or per annum greater or less than any other parcel.

a. Basic Assessment. On the 1st day of November of each year, beginning on the 1st day of November, 1974, or the first day of the month following the recording of the sale of 51% of the lots in this tract, whichever is sooner, the owners of each of the parcels in the project shall pay to the board to be held and disbursed as a fund to meet the authorized expenditures as provided herein and to provide adequate reserves for replacement of the sum of Seventeen Dollars and Thirty-one Cents (\$17.31) per year. Each such annual payment shall be a separate debit of the owner against whom it is assessed. The initial basic assessment herein provided may be increased

by the board, but may not be decreased without the approval of the of the majority of the owners and all beneficial interests under first mortgages or trust deeds covering all of the parcels in the project.

b. Further Assessments. If the fund provided by the Basic Assessment for any reason, including non-payment by any of the owners, proves inadequate to maintain the project, and to provide adequate reserves for replacement, and to enable the board to carry out its duties and responsibility, the board may at any time levy a further assessment which shall be assessed equally to each of the owners of the parcels in the project. The board shall give each owner written notice of the total amount thereof assessed to each owner and the date or dates upon which said amount or portion thereof shall be due and payable. Each such payment so indicated in the written notice shall be a separate debit of the owner against whom it is assessed and shall be due and payable on the indicated date.

c. Unsold Parcels. Declarant shall pay a prorated share of all maintenance costs in the project applicable to unsold parcels, whether completed or not, and both before and after the Board of Directors provided for in this Declaration is elected and assumes office.

6. DEFAULT IN PAYMENT OF ASSESSMENTS. In the event of a default or defaults in the payment of any of the assessments as provided for in Section 5 of the Declaration, the Board of Directors may enforce such obligation as follows:

a. Action at Law. The board may maintain an action at law in the name of MOUNTAIN VALLEY ASSOCIATION, or in the name of one or more of the board members to enforce each assessment obligation. Each such action must be authorized by a majority of a quorum of the board at a regular or special meeting thereof. Any judgment rendered in any such action shall include a sum for reasonable attorney's fees in such amount as the court may adjudge against the

defaulting owner. Upon full satisfaction of any such judgment, it shall be the duty of the board to authorize delivery of any appropriate satisfaction thereof.

b. Lien.

(1) Notice in Claim of Lien. At any time within ninety (90) days after default of payment of any assessment or installment thereof, the board, acting upon the authorization of the majority of a quorum at any regular or special meeting, may give a notice, to the defaulting owner which shall state the date of delinquency, the amount thereof, and make demand for payment. If such delinquency is not paid within ten (10) days after delivery of

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such notice, the board may elect to record a Claim of Lien against the parcel of the delinquent owner. Any such Claim of Lien shall state:

(a) The name of the delinquent owner or reputed owner; (b) A description of the property against which the Claim of Lien is made; (c) The amount claimed to be due and owing from any proper offset allowed; (d) That the Claim of Lien is made by the board of directors or the association pursuant to the terms of this Declaration; and (e) That a lien is claimed against such described property in an amount equal to the amount of the stated delinquency. Any such Claim of Lien shall be signed and acknowledged by any two (2) or more members of the board or by the president (or any vice-president) and secretary of the corporation and shall be dated as of the date the last such board member executed such Claim of Lien. Upon recordation of a duly executed original or duplicate original of such Claim of Lien in the Office of the Kern County Recorder, the lien claim thereof shall immediately attach and become effective subject only to the limitations thereafter set forth. Each default shall constitute a separate basis for a Claim of Lien or a lien.

(2) Enforcement of Lien. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a mortgage or trust deed under power of sale, or in any manner permitted by law. In the event such foreclosure is by action in law, reasonable attorney's fees shall be allowed to the extent permitted by law. In the event foreclosure is as in the case of a mortgage or trust deed under power of sale, the board or any person designated by it in writing shall be deemed to be acting as the agent of the lienor and shall be entitled to actual expenses and such fees as may be allowed by law.

(3) Release of Lien. In the event any Claims of Lien have been recorded as hereinabove provided and thereafter the board receives payment in full of the amount claimed to be due and owing, then upon demand of the owner or successor and the payment of a reasonable fee not to exceed Ten Dollars (\$10.00), the board acting by any two (2) members or by the president (or any vice-president) and secretary of the corporation shall execute and acknowledge and record in the Office of the County Recorder of Kern County a Release of Lien stating the date of the original claim of such lien, the amount claimed, the date and page wherein the lien was recorded, the fact that the lien has been fully satisfied and that the particular lien is released and discharged. Such Release of Lien shall be delivered to the owner or his successor upon payment of the above stated fee.

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c. Other means of Enforcement. The Board of Directors may enforce the payment of any delinquent assessment or installment thereof in any other manner permitted by law.

d. Amendment. No amendment of this Section 6 shall be effective without the unanimous written consent of all of the owners and the

holders of the beneficial interest in any mortgage or deed of trust then of record as a valid lien against said property or any part thereof.

7. AUDIT. Any owner may at any time and at his own expense cause an audit or inspection to be made of the books and records of the manager of the board. The board shall furnish all owners of the project with an independent annual report showing assets, liabilities, income and expenses within thirty (30) days from the completion thereof, or one hundred twenty (120) days from the close of each fiscal year adopted by the board, whichever shall first occur.

8. AMENDMENT. Except as otherwise provided herein, the provisions of these restrictions may be amended by instrument in writing, signed and acknowledged by record owners holding seventy-five percent (75%) of the total vote hereunder and the holders of all the beneficial interests in any mortgage or deed of trust and of record as a valid lien against the project or any part thereof, which amendment shall be effective upon recordation in the Office of the County Recorder of Kern County, California.

In no case shall there be an amendment to these restrictions after any lot has been sold, unless such amendment is approved by at least fifty-one percent (51%) of the lot owners without counting any unsold lots owned by Declarant.

So long as no lots have been sold, Declarant will not amend these Covenants, Conditions and Restrictions without first having had and obtained the consent of the Board of Supervisors of the County of Kern, California.

9. SUBDIVIDER'S GUARANTEE. The subdivider guarantees as follows:

a. Should any lot owner be in default in the payment of any assessment as herein provided, prior to the sale of the majority of the lots within the subdivision, then, in such event, the Declarant shall pay to the association any such delinquencies.

b. In addition thereto, the Declarant shall pay all assessments

might be levied on the lots remaining unsold until sold.

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10. CONVEYANCE OF STREETS AND ACCESS ROADS TO ASSOCIATION. The non-dedicated streets, equestrian trails and dedicated, but not accepted, streets within the subdivision and non-dedicated and dedicated, but not accepted access roads to said subdivision and drainage easements and Lots 207 and 208 designated as Parks, shall be conveyed to the Association by the Declarant, in fee simple, prior to the sale of any other lot within the subdivision to any purchaser. The Association is hereby granted the power and authority to dedicate or transfer all or part of the non-dedicated streets and equestrian trails, but not accepted streets and access roads, and lots 207 and 208, to any public agency or authority for such purposes and subject to such conditions as may be agreed upon by the members of the Association, provided that no such dedication or transfer or determination as to the purposes or conditions thereof, shall be effective unless (a) there is recorded therewith an instrument signed by fifty-one (51%) percent of the members of the Association, agreeing to such dedication, transfer, purposes or conditions, and (b) written notice of the proposed action is sent to every member at least seven (7), but not more than sixty (60) days prior to such action.

IN WITNESS WHEREOF, the undersigned has executed this Declaration this 7 day of June, 1974.

DYNASONICS CORPORATION

By (signed)
J.R. Sneed, President

By (signed)
Ernie D. Buckels, Vice-President

By (signed)
Claire W. Holmes, Secretary-treasurer

