



316 B

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: TLMA - Transportation Dept.

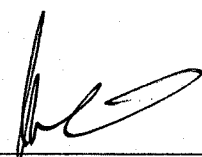
SUBMITTAL DATE:

SUBJECT: Approval of Final Map for **Tract 30433 (and MS 4089)**
A Schedule "A" Subdivision in the French Valley area, District 3/3 [\$0]

RECOMMENDED MOTION: That the Board of Supervisors approve the Improvement Agreements and Securities as approved by County Counsel, approve the final map and authorize the Chairman to sign the Improvement Agreements and final map for Tract 30433.

BACKGROUND: Tentative Tract Map 30433 was approved by the Board of Supervisors on November 15, 2005. This final map complies in all respects with the provisions of Division 3 of Title 15 of the Government Code and applicable local ordinances. All necessary conditions of approval have been satisfied and departmental clearances obtained to allow for the recordation of the final map.

(continued)



Juan C. Perez
Director of Transportation and Land Management


- HS:lf
- Submittals: Final Map
 - Road/Drainage Imprmnt Agrmts (Tr 30433)
 - Water System Imprmnt Agrmts (Tr 30433)
 - Sewer System Imprmnt Agrmts (Tr 30433)
 - Monumentation Agrmts (Tr 30433)
 - Road/Drainage Imprmnt Agrmts (MS 4089 - Phase 1)
 - Water System Imprmnt Agrmts (MS 4089 - Phase 1)
 - Sewer System Imprmnt Agrmts (MS 4089 - Phase 1)
 - Road/Drainage Imprmnt Agrmts (MS 4089 - Phase 2)
 - Water System Imprmnt Agrmts (MS 4089 - Phase 2)
 - Sewer System Imprmnt Agrmts (MS 4089 - Phase 2)

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Tavaglione and duly carried, **IT WAS ORDERED** that the above matter is approved as recommended.

Consent
 Consent
 Consent
 Consent

Ayes: Jeffries, Tavaglione, Stone and Ashley
Nays: None
Absent: Benoit
Date: November 5, 2013
xc: Transp. COB

Kecia Harper-Ihem
 Clerk of the Board
 By: 
 Deputy

2-16

Prev. Agn. Ref. 11/15/05 - 16.2

District: 3/3

Agenda Number:

REVIEWED BY EXECUTIVE OFFICE
 DATE 10/28/13
 Tina Grande
 Departmental Concurrence
 FORM APPROVED COUNTY COUNSEL
 DATE 7/3/13
 Departmental Concurrence
 BY: SUNSHINE & SYKES

Dept't
 Per Exec. Ofc.:

The Honorable Board of Supervisors
RE: Final Map for Tract 30433 (and MS 4089)
Page 2 of 2

The developer desires to enter into Improvement Agreements to guarantee the construction of the required improvements and has submitted Improvement Agreements and Securities which have been approved by County Counsel. All costs for improvements will be the responsibility of the developer. Securities posted by Fidelity and Deposit Company of Maryland for Tract 30433 are as follows:

- \$18,623,000 for the completion of street improvements
- \$1,410,500 for the completion of the water system
- \$1,785,000 for the completion of the sewer system
- \$685,400 for the completion of the monumentation

Securities posted by Fidelity and Deposit Company of Maryland for MS 4089 – Phase 1 are as follows:

- \$2,970,500 for the completion of street improvements
- \$144,000 for the completion of the water system
- \$119,500 for the completion of the sewer system

Securities posted by Fidelity and Deposit Company of Maryland for MS 4089 – Phase 2 are as follows:

- \$4,298,000 for the completion of street improvements
- \$346,500 for the completion of the water system
- \$177,500 for the completion of the sewer system

**AGREEMENT
FOR THE CONSTRUCTION OF ROAD/DRAINAGE IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Miscellaneous Case 4089 – Phase 2 (Tract 30433)**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to perform and complete, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all road and drainage improvements in accordance with those Road Plans for said land division which have been approved by the County Director of Transportation, and are on file in the office of the Riverside County Transportation Department, and do all work incidental thereto in accordance with the standards set forth in Riverside County Ordinance No. 461, as amended, which are hereby expressly made a part of this agreement. All the above required work shall be done under the inspection of and to the satisfaction of the County Director of Transportation, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Four million two hundred ninety-eight thousand and no/100 Dollars (\$4,298,000.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the road and drainage improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

KB Home Coastal Inc.

FIFTH: The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

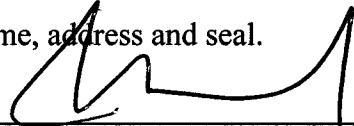
County

Contractor

Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

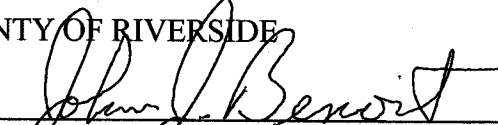
By  _____

Title VP Land & Forward Planning

By _____

Title _____


COUNTY OF RIVERSIDE

By  _____

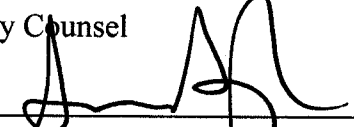
JOHN J. BENOIT
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By  _____
Deputy

APPROVED AS TO FORM

County Counsel
By  _____

**SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPPLICATE**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

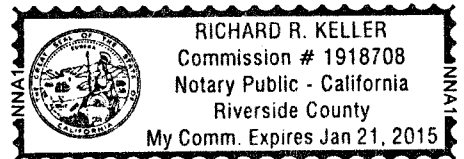
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Richard R. Keller

Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Miscellaneous Case 4089 – Phase 2 (Tract 30433)**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a water distribution system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said distribution system, and, further, to extend main or mains from the existing supply system maintained and operated by **Eastern Municipal Water District** to connect with the distribution system described above with all pipe laid at such a depth as to provide a full thirty-six inch (36") minimum cover from the top of the pipe to street grade, unless otherwise specified by the Director of Transportation, all in accordance with those plans and specifications which have been approved by both the County Health Director and Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Three hundred forty-six thousand five hundred and no/100 Dollars (\$346,500.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

KB Home Coastal Inc.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

FIFTH: The Landowner shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Landowner shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

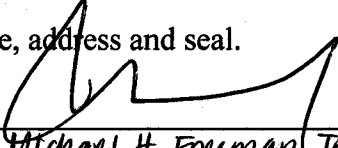
County

Contractor

Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By  _____

Title VP Land & Forward Planning

By _____

Title _____

COUNTY OF RIVERSIDE

By  _____

JOHN J. BENOIT

CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By  _____

Deputy

APPROVED AS TO FORM

County Counsel

By  _____

**SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE**

Revised 09/29/09

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

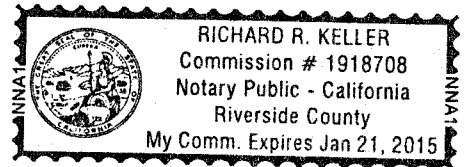
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Richard R. Keller

Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF SEWER SYSTEM IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Miscellaneous Case 4089 – Phase 2 (Tract 30433)**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a sanitary sewer system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said sanitary sewer system. Contractor further agrees to extend the main or mains from the existing sewer system maintained and operated by **Eastern Municipal Water District** to connect with the sanitary sewer system required to be constructed by this agreement. All the above required work shall be in accordance with those plans and specifications which have been approved by the Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County and accepted by the above-named agency into its sewer system. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. The estimated cost of said work and improvements is the sum of **One hundred seventy-seven thousand five hundred and no/100 Dollars (\$177,500.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

KB Home Coastal Inc.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

FIFTH: The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

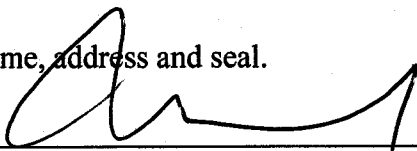
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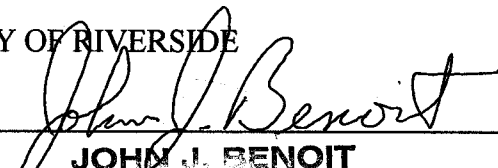
ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

County
Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

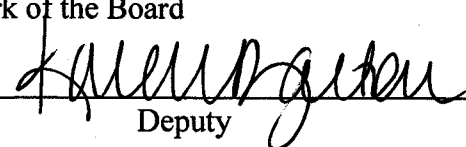
Contractor
KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

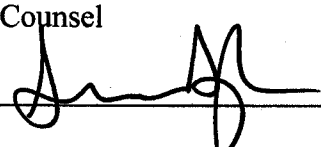
By 
Title VP Land & Forward Planning
By _____
Title _____

COUNTY OF RIVERSIDE
By 
JOHN J. BENOIT
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board
By 
Deputy

APPROVED AS TO FORM

County Counsel
By 

SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }

County of Riverside }

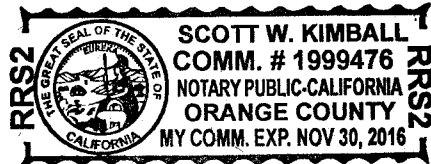
On July 2, 2013 before me, Scott W. Kimball, Notary Public, personally appeared Michael H. Freeman, Jr., who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Scott W Kimball

Scott W. Kimball



(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF ROAD/DRAINAGE IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Miscellaneous Case 4089 – Phase 1 (Tract 30433)**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to perform and complete, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all road and drainage improvements in accordance with those Road Plans for said land division which have been approved by the County Director of Transportation, and are on file in the office of the Riverside County Transportation Department, and do all work incidental thereto in accordance with the standards set forth in Riverside County Ordinance No. 461, as amended, which are hereby expressly made a part of this agreement. All the above required work shall be done under the inspection of and to the satisfaction of the County Director of Transportation, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Two million nine hundred seventy thousand five hundred and no/100 Dollars (\$2,970,500.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the road and drainage improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

KB Home Coastal Inc.

FIFTH: The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

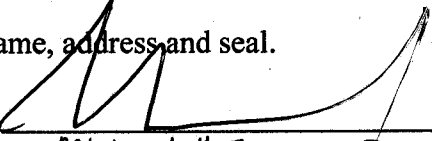
County

Contractor

Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

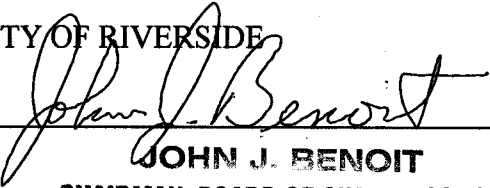
By 

Title Michael H. Freeman Jr.
VP Land & Forward Planning

By _____

Title _____

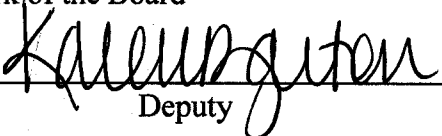
COUNTY OF RIVERSIDE

By 
JOHN J. BENOIT

CHAIRMAN, BOARD OF SUPERVISORS

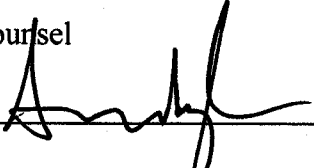
ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By 
Deputy

APPROVED AS TO FORM

County Counsel

By 

**SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

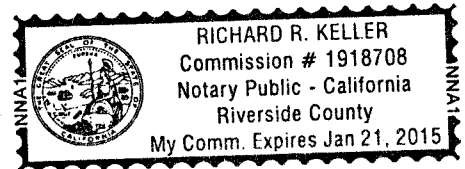
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Miscellaneous Case 4089 – Phase 1 (Tract 30433)**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a water distribution system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said distribution system, and, further, to extend main or mains from the existing supply system maintained and operated by **Eastern Municipal Water District** to connect with the distribution system described above with all pipe laid at such a depth as to provide a full thirty-six inch (36") minimum cover from the top of the pipe to street grade, unless otherwise specified by the Director of Transportation, all in accordance with those plans and specifications which have been approved by both the County Health Director and Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **One hundred forty-four thousand and no/100 Dollars (\$144,000.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

KB Home Coastal Inc.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

FIFTH: The Landowner shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Landowner shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

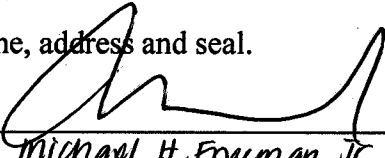
TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

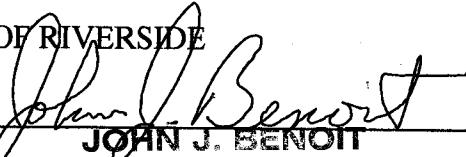
County
Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

Contractor
KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

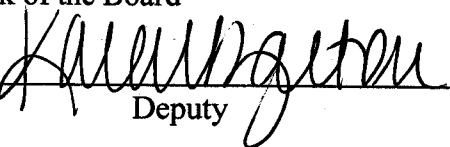
By 

Title VP Land & Forward Planning
By _____
Title _____

COUNTY OF RIVERSIDE
By 

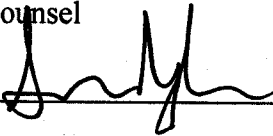
JOHN J. BENOIT
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board
By 

Deputy

APPROVED AS TO FORM

County Counsel
By 

SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE

Revised 09/29/09

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

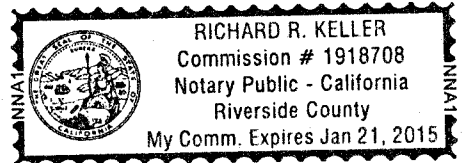
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF SEWER SYSTEM IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Miscellaneous Case 4089 – Phase 1 (Tract 30433)**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within 24 months from the date this agreement is executed, in a good and workmanlike manner, a sanitary sewer system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said sanitary sewer system. Contractor further agrees to extend the main or mains from the existing sewer system maintained and operated by **Eastern Municipal Water District** to connect with the sanitary sewer system required to be constructed by this agreement. All the above required work shall be in accordance with those plans and specifications which have been approved by the Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County and accepted by the above-named agency into its sewer system. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. The estimated cost of said work and improvements is the sum of **One hundred nineteen thousand five hundred and no/100 Dollars (\$119,500.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

KB Home Coastal Inc.

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FIFTH: The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

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County

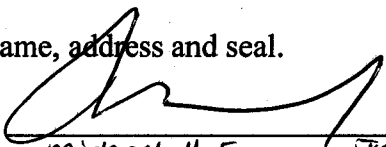
Contractor

Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By



Michael H. Freeman Jr.

Title

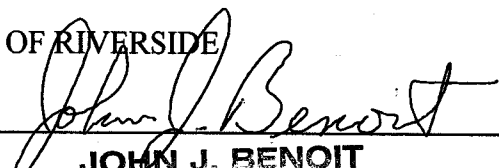
VP Land & Forward Planning

By

Title

COUNTY OF RIVERSIDE

By

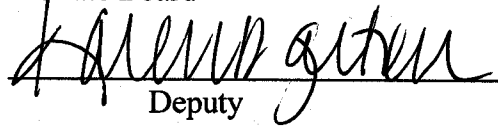


JOHN J. BENOIT
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By

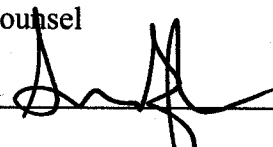


Deputy

APPROVED AS TO FORM

County Counsel

By



**SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPPLICATE**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

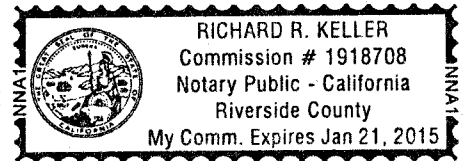
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF ROAD/DRAINAGE IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 30433**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to perform and complete, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all road and drainage improvements in accordance with those Road Plans for said land division which have been approved by the County Director of Transportation, and are on file in the office of the Riverside County Transportation Department, and do all work incidental thereto in accordance with the standards set forth in Riverside County Ordinance No. 461, as amended, which are hereby expressly made a part of this agreement. All the above required work shall be done under the inspection of and to the satisfaction of the County Director of Transportation, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Eighteen million six hundred twenty-three thousand and no/100 Dollars (\$18,623,000.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the road and drainage improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

FIFTH: The Contractor shall provide adequate notice and warning to the traveling public of each and every

75 Home Coastal Inc.

hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be

served on the other party by mail, postage prepaid, at the following addresses:

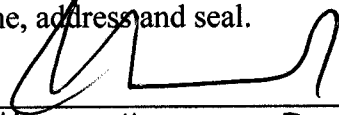
County

Contractor

Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

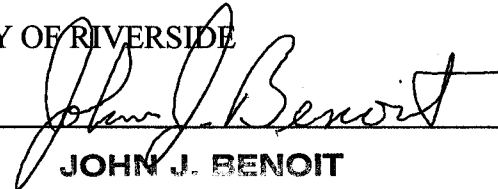
By  _____

Title Michael H. Freeman Jr
VP Land & Forward Planning

By _____


Title _____

COUNTY OF RIVERSIDE

By  _____
JOHN J. BENOIT

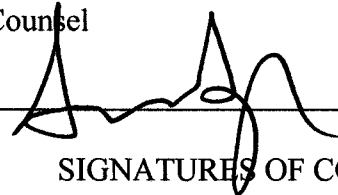
ATTEST: **CHAIRMAN, BOARD OF SUPERVISORS**

KECIA HARPER-IHEM,
Clerk of the Board

By  _____
Deputy

APPROVED AS TO FORM

County Counsel

By  _____

**SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE**

Revised 09/29/09

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

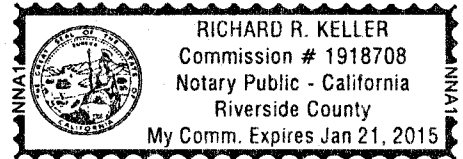
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.





Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 30433**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a water distribution system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said distribution system, and, further, to extend main or mains from the existing supply system maintained and operated by **Eastern Municipal Water District** to connect with the distribution system described above with all pipe laid at such a depth as to provide a full thirty-six inch (36") minimum cover from the top of the pipe to street grade, unless otherwise specified by the Director of Transportation, all in accordance with those plans and specifications which have been approved by both the County Health Director and Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **One million four hundred ten thousand five hundred and no/100 Dollars (\$1,410,500.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

KB Home Coastal Inc.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

FIFTH: The Landowner shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Landowner shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

TENTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

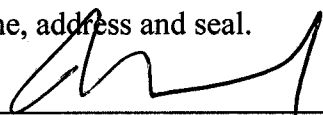
County

Contractor

Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By  _____

Title VP Land & Forward Planning

By _____

Title _____

COUNTY OF RIVERSIDE

By  _____

JOHN J. BENOIT
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

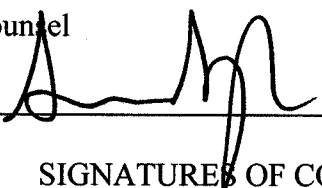
KECIA HARPER-IHEM,
Clerk of the Board

By  _____

Deputy

APPROVED AS TO FORM

County Counsel

By  _____

**SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE**

Revised 09/29/09

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

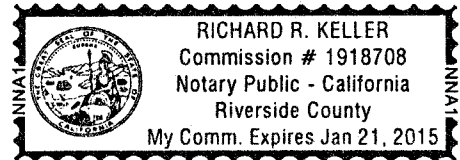
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE CONSTRUCTION OF SEWER SYSTEM IMPROVEMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 30433**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a sanitary sewer system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said sanitary sewer system. Contractor further agrees to extend the main or mains from the existing sewer system maintained and operated by **Eastern Municipal Water District** to connect with the sanitary sewer system required to be constructed by this agreement. All the above required work shall be in accordance with those plans and specifications which have been approved by the Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County and accepted by the above-named agency into its sewer system. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. The estimated cost of said work and improvements is the sum of **One million seven hundred eighty-five thousand and no/100 Dollars (\$1,785,000.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the Director of Transportation. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the water system improvements, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

KB Home Coastal Inc.

FOURTH: The Contractor hereby grants to County, or any agent or employee of County, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvements. This permission shall terminate in the event that Contractor has completed work within the time specified or any extension thereof granted by the County.

FIFTH: The Contractor shall provide adequate notice and warning to the traveling public of each and every hazardous or dangerous condition caused or created by the construction of the works of improvement at all times up to the completion and formal acceptance of the works of improvement. The Contractor shall protect all persons from such hazardous or dangerous conditions by use of traffic regulatory control methods, including, but not limited to, stop signs, regulatory signs or signals, barriers, or detours.

SIXTH: Contractor, its agents and employees, shall give notice to the Director of Transportation at least 48 hours before beginning any work and shall furnish said Director of Transportation all reasonable facilities for obtaining full information with respect to the progress and manner of work.

SEVENTH: If Contractor, its agents or employees, neglects, refuses, or fails to prosecute the work with such diligence as to insure its completion within the specified time, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement and notice of such default shall be served upon Contractor. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor because of such default. The determination by the Director of Transportation of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

NINTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

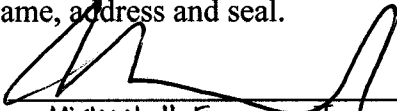
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ELEVENTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

County
Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

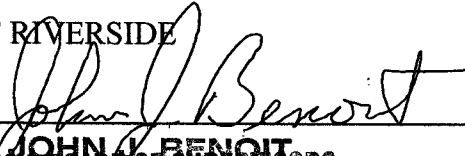
Contractor
KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

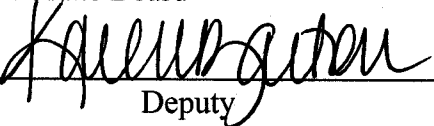
By 
Michael H. Freeman Jr.
Title VP Land & Forward Planning

By _____


Title _____

COUNTY OF RIVERSIDE
By 
JOHN J. BENOIT
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board
By 
Deputy

APPROVED AS TO FORM

County Counsel
By 

SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

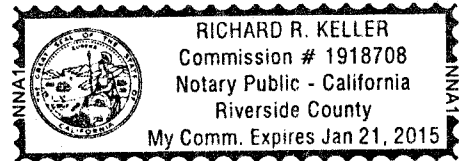
State of California }

County of Riverside }

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I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Richard R. Keller

(SEAL)

**AGREEMENT
FOR THE PLACEMENT OF SURVEY MONUMENTS**

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and **KB Home Coastal Inc.**, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 30433**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to set, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all survey monuments and tie points and to furnish to the County Surveyor tie notes for said tract in accordance with the standards set forth in Riverside County Ordinance No. 461 and Section 8771 et seq. of the Business and Professions Code of the State of California. Contractor further agrees to pay, within 30 days of presentation to contractor of the final billing of any surveyor or engineer for work performed by him as provides for in Article 9 of Chapter 4, Division 2 of Title 7 of the Government Code of the State of California (commencing with Section 66495). Contractor further agrees that if payment to the surveyor or engineer is not made within 30 days, the surveyor or engineer notifies County that he has not been paid for setting the final monuments, and the Board of Supervisors, pursuant to Section 66497 of the Government Code, after providing Contractor with an opportunity to present evidence as to whether or not the surveyor or engineer has been paid, orders that payment be made by County to the engineer or surveyor, Contractor will, upon demand, and without proof of loss by County, reimburse County for any funds so expended. Notwithstanding any other provisions herein, the determination of County as to whether the surveyor or engineer has been paid shall be conclusive on Contractor, its surety, and all parties who may have an interest in the agreement or any portion thereof.

All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Surveyor, and shall not be deemed complete until approved and accepted as complete by the County. The estimated cost of said work and improvements is the sum of **Six hundred eighty-five thousand four hundred and no/100 Dollars (\$685,400.00)**.

SECOND: Contractor agrees to pay to County the actual cost of such inspections of the work and improvements as may be required by the County Surveyor. Contractor further agrees that, if suit is brought upon this agreement or any bond guaranteeing the completion of the monuments, all costs and reasonable expenses and fees incurred by County in successfully enforcing such obligations shall be paid by Contractor, including reasonable attorney's fees, and that, upon entry of judgment, all such costs, expenses and fees shall be taxed as costs and included in any judgment rendered.

THIRD: County shall not, nor shall any officer or employee of County, be liable or responsible for any accident, loss or damage happening or occurring to the works specified in this agreement prior to the completion and acceptance thereof, nor shall County or any officer or employee thereof, be liable for any persons or property injured by reason of the nature of the work, or by reason of the acts or omissions of Contractor, its agents or employees, in the performance of the work, and all or said liabilities are assumed by Contractor. Contractor agrees to protect, defend, and hold harmless County and the officers and employees thereof from all loss, liability or claim because of, or arising out of the acts or omissions of Contractor, its agents and employees, in the performance of this agreement or arising out of the use of any patent or patented article in the performance of this agreement.

FOURTH: The Contractor hereby grants to County, the Surety upon any bond, and to the agents, employees

KB Home Coastal Inc.

and contractors of either or them, the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the monumentation. This permission shall terminate in the event that Contractor or the Surety has completed work within the time specified or any extension thereof granted by the County. It is further agreed that Contractor shall have control of the ground reserved for the installation of said work, and the streets in which they are to be placed, as is necessary to allow Contractor to carry out this agreement.

FIFTH: Contractor agrees to file with County prior to the date this contract is executed, an acceptable and sufficient improvement security in an amount not less than the estimated cost of the work, as above specified, for the faithful performance of the terms and conditions of this agreement, and for the payment of the amount of the improvement security to the County for the benefit of any surveyor or engineer who has not been paid by the Contractor, as provided for by Section 66495 et seq. of the Government Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

SIXTH: If contractor neglects, refuses, or fails to prosecute the work as to insure its completion within the time specifies, or within such extensions of time which have been granted by County, or if Contractor violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, Contractor shall be in default of this agreement. County shall have the power, on recommendation of the Director of Transportation, to terminate all rights of Contractor in such agreement, but said termination shall not affect or terminate any of the rights of County as against Contractor or its Surety then existing or which thereafter accrue because of such default. The determination of the County Surveyor of the question as to whether any of the terms of the agreement or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon the Contractor, its Surety, and any and all parties who may have any interest in the agreement or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to County under law. The failure of the Contractor to commence construction shall not relieve the Contractor or surety from completion of the improvements required by this agreement.

SEVENTH: It is further agreed by and between the parties hereto, including the surety or sureties on the bonds securing this agreement, that, in the event it is deemed necessary to extend the time of completion of the work contemplated to be done under this agreement, extensions of time may be granted, from time to time, by County, either at its own option, or upon request of Contractor, and such extensions shall in no way affect the validity of this agreement or release the surety or sureties on such bonds. Contractor further agrees to maintain the aforesaid bond or bonds in full force and effect during the terms of this agreement, including any extensions of time as may be granted therein.

EIGHTH: It is understood and agreed by the parties hereto that if any part, term or provision of this agreement is by the courts held to be unlawful and void, the validity of the remaining portions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain that particular part, term or provision held to be invalid.

NINTH: Any notice or notices required or permitted to be given pursuant to this agreement shall be served on the other party by mail, postage prepaid, at the following addresses:

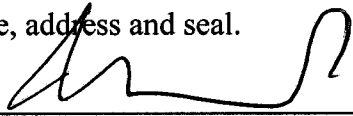
County

Contractor

Construction Engineer
Riverside County Transportation Dept.
2950 Washington Street
Riverside, CA 92504

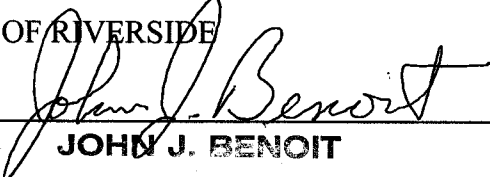
KB Home Coastal Inc.
36310 Inland Valley Drive
Wildomar, CA 92595

IN WITNESS WHEREOF, Contractor has affixed his name, address and seal.

By 
Michael H. Freeman Jr.
Title VP Land & Forward Planning

By _____
Title _____

COUNTY OF RIVERSIDE

By 
JOHN J. BENOIT
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By 
Deputy

APPROVED AS TO FORM

County Counsel
By 

**SIGNATURES OF CONTRACTOR MUST BE ACKNOWLEDGED BY NOTARY
AND EXECUTED IN TRIPLICATE**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

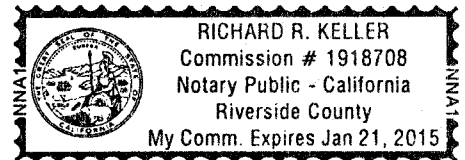
State of California }

County of Riverside }

On July 1, 2013 before me, Richard R. Keller, Notary Public, personally appeared Michael H. Freeman, Jr., who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

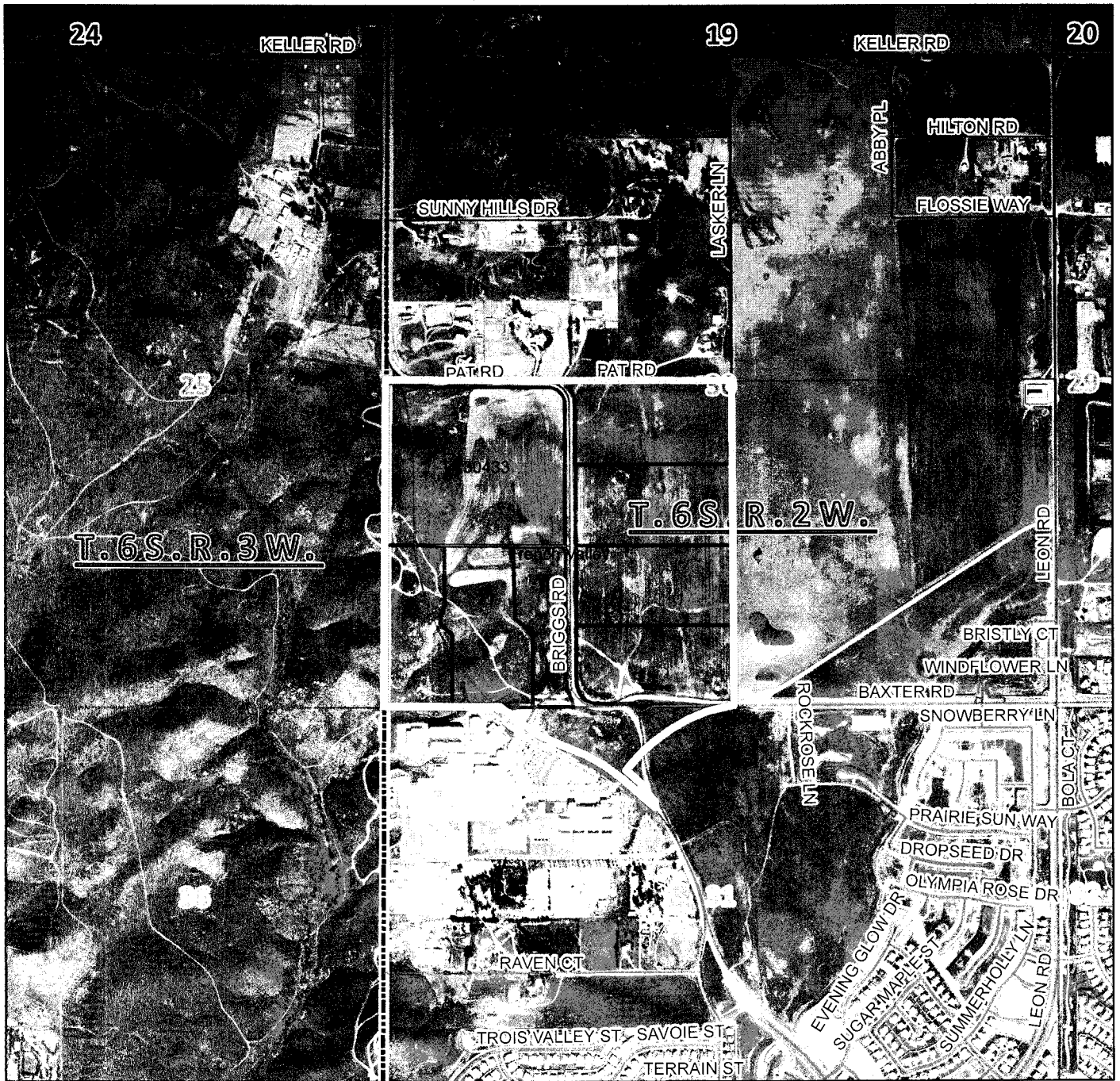
WITNESS my hand and official seal.



Richard R. Keller

Richard R. Keller

(SEAL)



VICINITY MAP

TR-30433

SEC. 30 & 31 TWP. 6S RNG. 2W

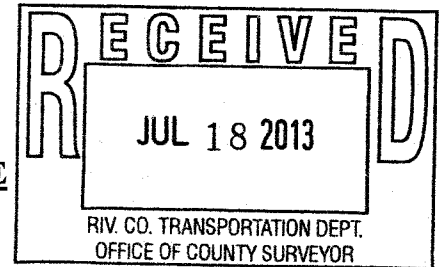
Supervisory District: 3 (Jeff Stone)



MEMORANDUM

RIVERSIDE COUNTY COUNSEL

CONFIDENTIAL
ATTORNEY-CLIENT PRIVILEGE



DATE: July 16, 2013

TO: Wendell Bugtai
Urban Planner

FROM: Tiffany North *MD*
Supervising Deputy County Counsel

RE: Tract No. 30433
KB Home

We have reviewed the Sample Grant Deed and Declaration of Covenants, Conditions and Restrictions and Grant of Easements (CC&R's) for Tract No. 30433 submitted by Anna Dorros of McKenna Long & Aldridge LLP. As forwarded herewith, the documents are **APPROVED** as to form.

Accordingly, the requirement for a Declaration of CC&R's for Tract No. 30433 is **SATISFIED**.

Enclosures

cc: Anna Dorros

RECORDING REQUESTED BY:

MAHOGANY HILLS
SAMPLE HOMEOWNERS DEED
PHASE 1

WHEN RECORDED MAIL TO:

DOCUMENTARY TRANSFER TAX \$.....

SPACE ABOVE THIS LINE FOR RECORDER'S USE

- Computed on the consideration or value of property conveyed; OR
- Computed on the consideration or value less liens or encumbrances remaining at time of sale

Signature of Declarant or Agent determining tax—Firm Name

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, KB HOME Coastal Inc., a California corporation ("Grantor"),

hereby GRANT(S) to _____ ("Grantee") the real property in the unincorporated area of the County of Riverside, State of California:

See Exhibit "A" attached hereto and incorporated herein by this reference.

THE REAL PROPERTY CONVEYED HEREIN BY GRANTOR TO GRANTEE IS CONVEYED AND ACCEPTED SUBJECT TO:

1. CURRENT REAL PROPERTY TAXES AND ALL UNPAID GENERAL AND SPECIAL TAXES/BONDS AND ASSESSMENTS.
2. ALL ENCUMBRANCES, EASEMENTS, COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, RIGHTS, RIGHTS OF WAY OF RECORD, AND/OR DISCLOSED BY AN INSPECTION.

The undersigned certifies that this is a true and correct copy of the Grant Deed to be used in connection with the sale of Residential Lots to homeowners.

DATE: _____

KB HOME Coastal Inc., a California corporation

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, before me, _____

By: _____

Name: _____

Title: _____

Notary Public, personally appeared _____ who 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.

(This area for official notarial seal)

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

MAIL TAX STATEMENTS TO: Same as above.

EXHIBIT "A"

PARCEL 1:

LOT ____ OF TRACT NO. 30433, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ON FILE IN BOOK____, PAGES ____ THROUGH _____, INCLUSIVE, OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA ("MAP").

RESERVING THEREFROM EASEMENTS FOR MAINTENANCE, ENCROACHMENT, SUPPORT, DRAINAGE AND REPAIR AND ALL OTHER PURPOSES AND EASEMENTS AS DESCRIBED IN THE DECLARATION REFERRED TO BELOW AND ANY SUPPLEMENTARY DECLARATION RECORDED AGAINST SUCH RESIDENTIAL LOT AND THE MAP OF RECORD REFERENCED ABOVE, AND SUCH OTHER EASEMENTS AS MAY BE OF RECORD AS OF THE DATE HEREOF.

FURTHER RESERVING THEREFROM, FOR THE BENEFIT OF GRANTOR, ITS SUCCESSOR IN INTEREST AND ASSIGNEES, TO THE EXTENT NOT ALREADY RESERVED BY INSTRUMENTS OF RECORD:

A. ALL OIL RIGHTS, MINERAL RIGHTS, NATURAL GAS RIGHTS AND RIGHTS TO ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, TO ALL GEOTHERMAL HEAT AND TO ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING (COLLECTIVELY "SUBSURFACE RESOURCES");

B. THE PERPETUAL RIGHT TO DRILL, MINE, EXPLORE AND OPERATE FOR AND TO PRODUCE, STORE AND REMOVE ANY OF THE SUBSURFACE RESOURCES ON OR FROM THE LOT, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THE LOT, WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LOT, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS WITHIN OR BEYOND THE EXTERIOR LIMITS OF THE LOT, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, BUT WITHOUT THE RIGHT TO DRILL, MINE, EXPLORE, OPERATE, PRODUCE, STORE OR REMOVE ANY OF THE SUBSURFACE RESOURCES THROUGH OR IN THE SURFACE OR THE UPPER FIVE HUNDRED FEET (500') OF THE SUBSURFACE OF THE LOT; AND

C. ALL WATER AND WATER RIGHT, IF ANY, WITHIN AND UNDERLYING THE LOT.

FURTHER RESERVING THEREFROM, FOR THE BENEFIT OF THE ASSOCIATION (DEFINED BELOW), A NON-EXCLUSIVE EASEMENT ON, UNDER, THROUGH AND ACROSS THAT PORTION OF THE ABOVE REFERENCED LOT DESIGNATED IN THE DECLARATION AS AN ASSOCIATION MAINTENANCE AREA, IF ANY, FOR THE PURPOSE OF MAINTENANCE AND REPAIR, TOGETHER WITH SUCH RIGHTS OF ACCESS NECESSARY TO PERFORM SUCH MAINTENANCE AND REPAIR, AS MORE FULLY PROVIDED IN THE DECLARATION.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT, IN COMMON WITH OTHER OWNERS, FOR ACCESS, INGRESS AND EGRESS, ON, UNDER, THROUGH AND ACROSS CERTAIN PORTIONS OF THE ASSOCIATION PROPERTY DESCRIBED IN THE DECLARATION, WHICH EASEMENT IS APPURTENANT TO THE LOT DESCRIBED IN PARCEL 1 ABOVE. SUCH EASEMENTS AS TO ASSOCIATION PROPERTY IN ANOTHER PHASES SHALL BECOME EFFECTIVE AS TO SUCH PHASE UPON CONVEYANCE OF THE FIRST RESIDENTIAL LOT IN THE RESPECTIVE PHASES OR AS PROVIDED IN THE DECLARATION. THESE EASEMENTS ARE GRANTED SUBJECT TO:

B. THE EASEMENT AND OTHER RIGHTS RESERVED IN THE DECLARATION IN FAVOR OF GRANTOR FOR MARKETING AND DEVELOPMENT, INCLUDING, WITHOUT LIMITATION, GRANTOR'S RIGHT TO MAINTAIN MARKETING UNITS IN THE CONDOMINIUMS OWNED BY GRANTOR, AS WELL AS THE RIGHT OF ACCESS, INGRESS, AND EGRESS FOR VISITORS TO THE SALES OFFICE AND MARKETING UNITS AND THE RIGHT TO MAINTAIN SIGNS OR OTHER MARKETING MATERIALS WITHIN THE ASSOCIATION PROPERTY OF THE PROJECT (DEFINED IN THE DECLARATION);

C. GRANTOR'S EASEMENT FOR INGRESS AND EGRESS, IN, ON, OVER, THROUGH AND ACROSS THE ASSOCIATION PROPERTY TO PERMIT GRANTOR TO INSTALL IMPROVEMENTS THEREON; AND

D. GRANTOR'S RIGHT TO PREVENT ACCESS OVER PORTIONS OF ASSOCIATION PROPERTY BY PLACING A CONSTRUCTION FENCE OR OTHER BARRIER THEREON PRIOR TO COMPLETION OF CONSTRUCTION OF ALL IMPROVEMENTS WITHIN THE PROJECT, PROVIDED THAT GRANTEE HAS AT LEAST ONE ROUTE OF ACCESS BETWEEN THE LOT DESCRIBED IN **PARCEL 1 ABOVE** AND A PUBLIC STREET.

THE REAL PROPERTY CONVEYED IN THIS GRANT DEED (THE "PROPERTY") IS CONVEYED TOGETHER WITH A MEMBERSHIP IN THE MAHOGANY HILLS HOMEOWNERS ASSOCIATION ("ASSOCIATION") AND ACCEPTED SUBJECT TO THAT CERTAIN DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF MAHOGANY HILLS, RECORDED IN THE OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA ON _____, 2013 AS INSTRUMENT NO. _____, AND ANY AMENDMENTS THERETO NOW OF RECORD OR WHICH WILL BE OF RECORD PRIOR TO THE RECORDATION OF THIS GRANT DEED (COLLECTIVELY, THE "DECLARATION"), ALL OF WHICH ARE INCORPORATED HEREIN BY REFERENCE TO THIS GRANT DEED WITH THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN. AS MORE PARTICULARLY DESCRIBED IN THE DECLARATION, THE PROPERTY IS CONVEYED SUBJECT TO SUCH EASEMENTS IN FAVOR OF THE ASSOCIATION AS ARE NECESSARY TO PERFORM THE DUTIES AND OBLIGATIONS OF THE ASSOCIATION AND CERTAIN EASEMENTS RESERVED BY GRANTOR. GRANTEE, IN ACCEPTING THIS GRANT DEED AND THE CONVEYANCE HEREUNDER, DOES HEREBY AGREE, JOINTLY AND SEVERALLY, FOR THE BENEFIT OF THE ASSOCIATION AND EACH AND EVERY ONE OF THE OTHER MEMBERS OF THE ASSOCIATION, THAT GRANTEE WILL PROMPTLY, FULLY AND FAITHFULLY COMPLY WITH AND CONFORM TO THE DECLARATION AND THE ARTICLES OF INCORPORATION AND BYLAWS OF THE ASSOCIATION AND THE RULES AND ARCHITECTURAL GUIDELINES REFERENCED IN THE DECLARATION. IN PARTICULAR, GRANTEE DOES HEREBY AGREE, JOINTLY AND SEVERALLY, PROMPTLY TO PAY IN FULL ANY DUES, FEES OR ASSESSMENTS LEVIED BY THE ASSOCIATION ON EACH OF THE MEMBERSHIPS CONVEYED HEREBY. THE OBLIGATIONS OF GRANTEE HEREIN SET FORTH SHALL BE COVENANTS RUNNING WITH THE PROPERTY IT BEING UNDERSTOOD THAT SAID MEMBERSHIP IN THE ASSOCIATION AND THE OBLIGATIONS THEREOF, WILL AUTOMATICALLY PASS TO GRANTEE'S SUCCESSOR IN TITLE IN THE PROPERTY, WHETHER SUCH SUCCESSORS ACQUIRE TITLE TO THE PROPERTY BY FORECLOSURE OR OTHERWISE, AND SHALL BE BINDING UPON THE GRANTEES ABOVE NAMED, THEIR HEIRS, DEVISEES, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS.

THE PROPERTY IS ALSO CONVEYED AND ACCEPTED SUBJECT TO THAT CERTAIN NOTICE OF NON-ADVERSARIAL PROCEDURE, NOTICE TO SUCCESSORS IN INTEREST, AND NOTICE OF BUILDERS AGENT FOR NOTICE UNDER CALIFORNIA CIVIL CODE SECTION 912(f), 912(h), AND 912(e) RECORDED IN THE OFFICIAL RECORDS OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA AND ANY AMENDMENTS THERETO NOW OF RECORD OR WHICH WILL BE OF RECORD PRIOR TO THE RECORDATION OF THIS GRANT DEED (COLLECTIVELY, THE "NOTICE"), ALL OF WHICH ARE INCORPORATED HERE BY REFERENCE WITH THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

McKenna Long & Aldridge LLP
600 West Broadway, Suite 2600
San Diego, CA 92101-3372
Attn: Nancy T. Scull, Esq.

SPACE ABOVE FOR RECORDER'S USE

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
MAHOGANY HILLS

ARTICLE 17 OF THIS DECLARATION CONTAINS A BINDING ARBITRATION PROVISION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT. EACH OWNER, BY ACCEPTING FEE TITLE TO A RESIDENTIAL LOT, AND THE ASSOCIATION, BY ACCEPTING FEE TITLE TO THE ASSOCIATION PROPERTY, IS AGREEING TO RESOLVE DISPUTES IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN ARTICLE 17. YOU SHOULD CONSULT LEGAL COUNSEL WITH ANY QUESTIONS ON THESE OR OTHER PROVISIONS OF THIS DECLARATION OR ANY OF THE OTHER GOVERNING DOCUMENTS.

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
MAHOGANY HILLS**

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF MAHOGANY HILLS ("**Declaration**") is made this 12th day of JUNE, 2013, by KB HOME Coastal Inc., a California corporation ("**Declarant**"), with reference to the facts set forth below.

ARTICLE 1

RECITALS

All initially capitalized terms used but not defined in the Recitals shall have the meanings set forth in **Article 2**.

1.1 Property Owned By Declarant. Declarant is the Owner of that certain real property ("**Property**") situated in the County of Riverside, State of California, more particularly described on **Exhibit "A."**

1.2 Right to Annex. Declarant may add all or any of the real property described in **Exhibit "B" ("Additional Property")** and said Additional Property so annexed will thereupon be subject to this Declaration and become a part of and be included within the definition of the Property.

1.3 Nature of Community. Declarant intends to establish a plan of planned unit development ownership and to develop the Property, including any Additional Property which may hereafter be annexed thereto, as a planned development community within the meaning of California Business and Professions Code Section 11004.5(c) and California Civil Code Section 1351(k), to conform with the provisions of the California Subdivided Lands Law (California Business and Professions Code Section 11000, et seq.) and to subject the Property to certain limitations, restrictions, conditions and covenants as hereinafter set forth, in accordance with the provisions of California Civil Code Sections 1350, et seq. To that objective, Declarant desires and intends to impose on the Property certain mutually beneficial restrictions, limitations, easements, assessments and liens under a comprehensive plan of improvement and development for the benefit of all of the Owners, the Residential Lots and the Association Property and the future Owners of said Residential Lots and Association Property.

1.4 Description of Community. Declarant intends to develop the Community in multiple Phases. If developed as planned, the Community will ultimately contain approximately five hundred two (502) Residential Lots, but Declarant makes no guarantee that the Community will be constructed as presently proposed. Each Owner of a Residential Lot will also receive an easement for ingress, egress over the Association Property of the Phase in which the Residential Lot is situated and within each other Phase, if any, effective upon annexation and conveyance of the first Residential Lot in each such Phase, subject to the terms and restrictions of the Governing Documents. Each Residential Lot shall also have appurtenant to it a membership in the Mahogany Hills Homeowners Association, a California nonprofit mutual benefit corporation ("**Association**"). This Declaration shall not be construed to constitute a limitation on Declarant's title rights to the Additional Property prior to its Annexation, nor shall it impose any obligation on Declarant or any other Person to improve, develop or annex any portion of the Additional Property. The rights of Declarant under this Declaration may be assigned to any successor(s) by an express assignment in a recorded instrument, including without limitation, a deed, option or lease. This Declaration shall not be construed to limit the right of Declarant at any time prior to such an assignment to establish additional licenses, reservations and rights-of-way to itself, to utility companies, to the County, to the State, or to others as may be reasonably necessary to the proper development and disposal of property owned by Declarant.

1.5 Potential Association Property. Certain areas in and around the Community are anticipated to be maintained by Valley Wide Parks and Recreation District or other Maintenance District (referred to herein as "**Potential Association Property**"). In the event Valley Wide Parks and Recreation District or other Maintenance District no longer elect to maintain the Potential Association Property, the Potential Association Property may be required to be maintained by the Association. In such event, the Association shall be obligated to maintain such areas and the costs of such maintenance will be assessed against Owners in the Community as part of the Regular Assessments.

DECLARATION

NOW, THEREFORE, Declarant declares that the Property is, and shall be, held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, covenants, conditions, restrictions, easements, liens and charges, all of which are declared and agreed to be in furtherance of a plan of ownership as described in California Civil Code Section 1350, et seq. for the subdivision, improvement, protection, maintenance, and sale of Residences within the Property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the Property. All of the limitations, covenants, conditions, restrictions, easements, liens and charges are equitable servitudes and shall run with the land, shall be binding on and inure to the benefit of all Owners having or acquiring any right, title or interest in the Property, shall be enforceable equitable servitudes and shall be binding on and inure to the benefit of all current and future Owners. Declarant further declares that it is the express intent that this Declaration satisfy the requirements of California Civil Code Section 1354.

ARTICLE 2

DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article shall, for all purposes of this Declaration, have the meanings herein specified.

2.1 "Additional Charges" means costs, fees, charges and expenditures, including without limitation, attorneys' fees and costs, late charges, interest and recording and filing fees actually incurred by the Association in collecting and/or enforcing payment of Assessments, and other amounts levied under this Declaration. Additional Charges include, without limitation, the following:

2.1.1 Reasonable attorneys' fees and costs incurred in the event an attorney is employed to collect any Assessment or sum due, whether by suit or otherwise;

2.1.2 A late charge in an amount to be fixed by the Association in accordance with California Civil Code Section 1366 to compensate the Association for additional collection costs incurred in the event any Assessment or other sum is not paid when due or within any "grace" period established by Applicable Laws;

2.1.3 Costs of suit and court costs incurred as are allowed by the court;

2.1.4 Interest at the Applicable Rate; and

2.1.5 Any such other additional costs that the Association may incur in the process of collecting delinquent Assessments.

2.2 "Additional Property" means all of the real property described on **Exhibit "B."**

2.3 "Annexation" means the process by which the Additional Property may be made subject to this Declaration as set forth in **Article 16.**

2.4 **"Applicable Laws"** means the entitlements for the Community and any law, regulation, rule, order or ordinance of any Governmental Agencies which are applicable to the Community or any portion thereof now in effect or as hereafter promulgated.

2.5 **"Applicable Rate"** means the rate of interest chargeable under this Declaration equal to the rate established by the Association from time to time, but not to exceed the maximum rate allowed by Applicable Laws.

2.6 **"Architectural Committee"** means the committee which may be appointed by the Board pursuant to **Article 9**.

2.7 **"Architectural Guidelines"** means the design criteria adopted by the Board pursuant to the **Article 9**.

2.8 **"Articles"** means the Articles of Incorporation of the Association as they may from time to time be amended which are or shall be filed in the Office of the Secretary of State for the State of California.

2.9 **"Assessments" or "assessments"** means the assessments which are levied to cover the Common Expenses under **Article 6** or other Assessments permitted to be levied by the Association under this Declaration and the other Governing Documents.

2.10 **"Association"** means the Mahogany Hills Homeowners Association, a California nonprofit mutual benefit corporation, its successors and assigns.

2.11 **"Association Maintenance Areas"** means those portions of certain Residential Lots over which the Association has an easement for maintenance of certain Improvements, as may be designed on the Final Map or in a Supplementary Declaration. The Association Maintenance Areas, if any, in each Phase of the Community shall be designated in a Supplementary Declaration.

2.12 **"Association Maintenance Guide"** means the guide which may be prepared by Declarant or its consultants and provided to the Association, specifying obligations for maintenance of the Association Property, the Association Maintenance Areas and other areas to be maintained by the Association, as updated and amended from time to time.

2.13 **"Association Property"** means all the real property owned from time-to-time, in fee title by the Association. The Association Property in each Phase shall be described in a Supplementary Declaration.

2.14 **"Association Rules"** means the rules and regulations adopted by the Board from time to time.

2.15 **"Board"** means the board of directors of the Association.

2.16 **"Budget"** means the budget for the Association which sets forth all of the Common Expenses to be allocated among all Owners.

2.17 **"Bylaws"** means the bylaws of the Association, as they may from time to time be amended, which are or shall be adopted by the Board.

2.18 **"Capital Improvement Assessments"** means the Assessments which are levied pursuant to the provisions of **Section 6.5**.

2.19 **"Common Expenses"** means the actual and estimated costs and expenses incurred or to be incurred by the Association or the Board, including, without limitation, the following:

2.19.1 expenses for maintenance, management, operation, repair and replacement of the Association Property, Association Maintenance Areas, Offsite Maintenance Areas and any other portion of the Property and any Improvements located thereon which are required to be maintained by the Association under this Declaration;

2.19.2 expenses incurred in performing the duties and obligations of the Association set forth in this Declaration and the other Governing Documents;

2.19.3 expenses incurred in complying with the Project Approvals and Applicable Laws;

2.19.4 expenses incurred to cover due but unpaid Assessments;

2.19.5 expenses for management and administration of the Association, including, without limitation, compensation paid by the Association to managers, accountants, attorneys, architects and consultants;

2.19.6 expenses incurred in maintaining the legal status and qualifications of the Association as an entity in good standing and entitled to do business in the State of California;

2.19.7 expenses of any inspections required or deemed appropriate by the Association;

2.19.8 expenses, if any, required for the maintenance of any areas required by any Governmental Agency to be maintained by the Association;

2.19.9 expenses for any utilities, landscaping and other services benefiting the Owners and their Residential Lots to the extent such services are paid for by the Association;

2.19.10 expenses of insurance and/or fidelity bonds required to be maintained by the Association;

2.19.11 reasonable reserves as deemed appropriate by the Board or otherwise required pursuant to the Governing Documents or Applicable Laws;

2.19.12 the costs of bonding of the members of the Board and any professional managing agent or any other person handling the funds of the Association;

2.19.13 taxes and assessments paid by the Association;

2.19.14 amounts paid by the Association for the discharge of any lien or encumbrance levied against the Association Property Association Maintenance Areas, Offsite Maintenance Areas or portions thereof;

2.19.15 expenses incurred by any committees of the Association;

2.19.16 expenses incurred in owning and maintaining the Potential Association Property in the event ownership and maintenance obligations are transferred from the County to the Association; and

2.19.17 any other expenses incurred by the Association in connection with the operation and/or maintenance of the Association Property, Offsite Maintenance Areas or the Association Maintenance Areas, or in furtherance of the purposes or the discharge of any obligations imposed on the Association by the Governing Documents.

2.20 **"Community"** means all of the Property, together with all Improvements situated thereon.

2.21 **"Cost Center Budget"** means the elements of the Budget for the Association which itemize the cost components to be assessed against portions of the Property within a Cost Center, if any, as provided in this Declaration and the other Governing Documents.

2.22 **"Cost Center Maintenance Areas"** means the area(s) to be maintained by the Association for the benefit of the Owners of Residential Lots located within a Cost Center. The Cost Center Maintenance Areas, if any, shall be designated in a Supplementary Declaration.

2.23 **"Cost Centers"** means the portions of the Property which directly receive a special benefit (which benefit may be in the form of amenities provided or maintenance or other services offered) and for which additional Assessments will be imposed on the Owners who receive such special benefits pursuant to the provisions of this Declaration. As of the date of recordation of this Declaration, there are no Cost Centers within the Property. Any Cost Centers which may be formed in the future shall be described in a Supplementary Declaration.

2.24 **"Cross Lot Drain Facilities"** means those certain drainage facilities installed by Declarant within Residential Lots to provide for drainage between certain Residential Lots, which are to be maintained by the Owners as provided herein or in a Supplementary Declaration. The approximate locations of the Cross Lot Drain Facilities, if any, shall be designated in a Supplementary Declaration.

2.25 **"County"** means the County of Riverside, California.

2.26 **"Declarant"** means KB HOME Coastal Inc., a California corporation ("**KB Home**") and shall include those successors and assigns of KB Home who acquire or hold title to any part or all of the Property for purposes of development and are expressly named as a successor Declarant to all or a portion of Declarant's rights in an Assignment of Declarant's Rights ("**Assignment of Declarant's Rights**") executed by the Declarant, or a successor Declarant, and recorded in the Official Records assigning the rights and duties of Declarant to such successor Declarant, with such successor Declarant accepting and assuming the assignment of such rights and duties. A successor Declarant shall also be deemed to include the beneficiary under any deed of trust securing an obligation from a then existing Declarant encumbering all or any portion of the Property, which beneficiary has acquired any such property by foreclosure power of sale or deed in lieu of such foreclosure or sale.

2.27 **"Declaration"** means this Declaration of Covenants, Conditions and Restrictions of Mahogany Hills as this Declaration may from time to time be amended or supplemented.

2.28 **"Detention Basins"** means those certain detention basins and related Storm Drain Facilities that will be owned and/or maintained by the Association as set forth herein. The locations of Detention Basins will be designated in a Supplementary Declaration. The Association maintenance responsibilities for the Detention Basins imposed by the County are set forth on **Exhibit "D."**

2.29 **"DRE"** means the California Department of Real Estate.

2.30 **"Eligible Holder"** means any First Mortgagee who has given written notice to the Association specifying the name and address of the Residential Lot subject to the Mortgage and requesting written notice of any or all of the events to which such Eligible Mortgage Holder is entitled to notice specified in this Declaration.

2.31 **"Emergency"** means any situation, condition or event which threatens substantial imminent damage or injury to person or property.

2.32 **"Enforcement Assessments"** means the assessments which are levied pursuant to the provisions of **Section 6.6.**

2.33 **"Fencing Plan"** means the plan which designates the Association maintenance responsibilities associated with fences and walls in the Community. The Fencing Plan for each Phase of the Community shall be as described and/or depicted in a Supplementary Declaration.

2.34 **"Final Map"** means the final subdivision or parcel map covering the Community.

2.35 **"First Mortgage"** means a Mortgage that is first in priority under the recording statutes of the State of California over all other Mortgages encumbering a specific Residential Lot in the Community.

2.36 **"First Mortgagee"** means the Mortgagee of a First Mortgage.

2.37 **"Fiscal Year"** means the fiscal accounting and reporting period of the Association selected by the Board.

2.38 **"Flood Control Maintained Facilities"** means those certain flood control facilities within the Association Property that are to be maintained by the Riverside County Flood Control and Water Conservation District. The Flood Control Maintained Facilities will be designated in a Supplementary Declaration.

2.39 **"Gas Pipeline Restricted Areas"** means those certain portions of the Community wherein high pressure gas pipelines are located, if any. The approximate locations of the Gas Pipeline Restricted Areas shall be depicted in a Supplementary Declaration.

2.40 **"Governing Documents"** refers collectively to this Declaration, the Bylaws, Articles, Association Rules and Architectural Guidelines and any Supplementary Declarations.

2.41 **"Governmental Agencies"** means any federal, state, county, city, local or municipal governmental entity or quasi-governmental entity or body (or any departmental agency thereof) exercising jurisdiction over a particular subject matter for any portion of the Property.

2.42 **"Guest Builder or Guest Builders"** means any Person that acquires a portion of the Property for the purpose of developing residences on such portion for sale to the general public under a Public Report, or is otherwise designated as a Guest Builder by Declarant.

2.43 **"Homeowners Maintenance Guide"** refers to the guide which may be prepared by Declarant or its consultants and provided to each Owner, specifying obligations for maintenance of the Residential Lots and Residences by the Owners, as updated and amended from time to time.

2.44 **"Improvement or Improvements"** means: (i) all buildings and structures and appurtenances thereto of every type and kind, including without limitation, Residences and other buildings, outbuildings, walkways, trails, utility installations, swimming pools and other recreational facilities, garages, roads, sidewalks, walkways, driveways, parking areas, fences, screening walls, block walls, retaining walls, awnings, patio and balcony covers, stairs, decks, balconies, trellises, landscaping, irrigation systems, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, paintings, planted trees and shrubs, antennae, poles, signs, solar or wind powered energy systems or equipment, and water softener, heater or air conditioning and heating fixtures or equipment; (ii) the grading, excavation, filling or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed; landscaping, planting, clearing or removing of trees, shrubs, grass or plants; and (iii) any change or alteration of any previously installed Improvement including any change of exterior appearance color or texture.

2.45 **"Institutional Mortgagee"** means a First Mortgagee that is (i) a bank, savings and loan association, insurance or mortgage company or other entity or institution chartered under Applicable Laws; (ii) an insurer or governmental guarantor of a First Mortgage; (iii) a First Mortgagee that is a federal

or state agency; or (iv) any other institution specified by the Board in a recorded instrument, that is the Mortgagee of a Mortgage or the beneficiary of a deed of trust encumbering a Residential Lot.

2.46 “Invitee” means any Person whose presence within the Community is approved by or is at the request of a particular Owner, including, without limitation, Occupants, agents, contractors and the family, guests, employees or licensees of Owners or tenants.

2.47 “Maintenance District” means Valley Wide Recreation and Park District and any other public maintenance and/or assessment district that is formed to maintain a portion of the Community.

2.48 “Maintenance District Areas” means the portions of the Community that a Maintenance District is responsible to maintain. The approximate locations of the Maintenance District Areas within each Phase, if any, shall be as described and/or depicted in a Supplementary Declaration.

2.49 “Maintenance Obligations” means the Association’s obligations and each Owner’s, respectively, obligations to perform (a) all reasonable maintenance consistent with the terms of the Homeowner Maintenance Guide, and the Association Maintenance Guide, respectively, any maintenance obligations and schedules in any warranty offered by Declarant, any Guest Builder or any manufacturer, and any maintenance obligations and schedules otherwise provided by Declarant or any manufacturer; and (b) all commonly accepted maintenance practices intended to prolong the life of the materials and construction of the Association Property and Residential Lots as applicable in the area to be maintained; and any maintenance obligations and requirements set forth in this Declaration as updated and amended from time to time.

2.50 “Member” means every person or entity who holds a membership in the Association.

2.51 “Model Home Lots” means those Residential Lots within the Community which are initially used by Declarant for Model Home Purposes.

2.52 “Model Home Phase” means the Model Home Lots included in a Phase consisting solely of Model Home Lots and applicable Association Property, if any, which is covered by a separate Public Report.

2.53 “Model Home Purpose” means that a Residential Lot is used solely for the purposes of marketing other Residences constructed by Declarant or a Guest Builder and such Residential Lot is not occupied or used for residential purposes.

2.54 “Mortgage” means any duly recorded mortgage or deed of trust encumbering a Residential Lot in the Community.

2.55 “Mortgagee” means a mortgagee under a Mortgage as well as a beneficiary under a deed of trust.

2.56 “Notice and Hearing” means the procedure that gives an Owner notice of an alleged violation of the Governing Documents and the opportunity for a hearing before the Board.

2.57 “Occupant” means a Person that is entitled to occupy from time to time all or a portion of a Residential Lot, whether pursuant to ownership, lease, sublease, license or other similar agreement.

2.58 “Official Records” means the Official Records of the County Recorder of Riverside County.

2.59 “Offsite Maintenance Areas” means those areas located outside of the Community to be maintained by the Association as provided in this Declaration. The Offsite Maintenance Areas, if any, shall be designated for maintenance by the Association in a Supplementary Declaration.

2.60 **“Operating Rules”** means those Association Rules that constitute an operating rule under Civil Code Section 1357.100, et seq.

2.61 **“Owner”** means the record owner, whether one or more Persons, including Declarant or any Guest Builder, of any Residential Lot excluding those having such interest merely as security for the performance of an obligation.

2.62 **“Person”** means a natural individual or any legal entity recognized under California law. When the word “person” is not capitalized, the word refers only to natural persons.

2.63 **“Phase”** means to that portion of the Property which is the subject of a separate Public Report issued by the DRE and which has been made subject hereto (i.e., by annexation with respect to Phases subsequent to the first Phase).

2.64 **“Potential Association Property”** means the real property within the Final Map and/or any perimeter landscaping within public rights of way, which may become Association Property or an Association Maintenance Area if required by the County or Maintenance District, as set forth in **Section 14.1** below.

2.65 **“Project Approvals”** means all governmental approvals issued in connection with the approval of the development of the Community including, without limitation, the Final Maps, development agreements, conditions of approval, project permits.

2.66 **“Preserve”** refers to the Lot 529 of the Final Map, which has been or may be granted to the Western Riverside County Regional Conservation Authority or similar conservation organization for multiple species habitat conservation purposes. Additional Preserve lots may be designated in a Supplementary Declaration.

2.67 **“Property”** means all of the real property described in **Exhibit “A”** of this Declaration, and such Additional Property as may hereafter be made subject to this Declaration.

2.68 **“Public Report”** means the final subdivision public report issued by the DRE for a Phase in the Community.

2.69 **“Regular Assessments”** means the assessments that are levied pursuant to the provisions of **Section 6.3**.

2.70 **“Residence”** means each residential dwelling situated within a Residential Lot.

2.71 **“Residential Lot”** means each legally subdivided lot upon which a Residence has been or is permitted to be constructed.

2.72 **“Special Allocation Assessments”** means the assessments that are levied pursuant to the provisions of **Section 6.7**.

2.73 **“Special Assessments”** means the assessments that are levied pursuant to the provisions of **Section 6.4** of this Declaration.

2.74 **“Storm Drain Facilities”** means those certain private storm drain facilities, including without limitation, storm drain lines, forebays, infiltration trenches, perforated underdrain pipe bioswales, emergency concrete spillways and related landscaping and irrigation, which are located within the Association Property.

2.75 **“Supplementary Declaration”** means those certain declarations of covenants, conditions and restrictions, or similar instruments executed by Declarant or a Guest Builder, which may

do any or all of the following: (a) annex all or a portion of the Additional Property and/or designate Residential Lots as a Phase, (b) make modifications or adjustments to the Property owned by Declarant or a Guest Builder to reflect Declarant's development plan or any lot line adjustments, parcel maps and final subdivision maps and/or conditions or requirements imposed by Governmental Agencies, (c) identify areas referenced in this Declaration to be maintained by the Association, and/or make modifications or supplements to any areas designated for maintenance by the Association or any Owner, the Riverside County Flood Control and Water Conservation District or a Maintenance District; (d) make such other complementary additions and/or modifications necessary to reflect the different character of the Additional Property; (e) impose additional covenants and restrictions on the Additional Property; and/or (f) designate Association Maintenance Areas, Detention Basins, Offsite Maintenance Areas and/or any other areas to be maintained by the Association, (g) make additions and/or modifications to the fence maintenance and/or Fencing Plan as necessary, and/or (h) conform this Declaration or any previously recorded Supplementary Declarations to Applicable Law or any conditions of approval imposed by any Governmental Agency, (i) identify Cost Centers and/or Cost Center Maintenance Areas, (j) make corrections to the provisions of this Declaration or any previously recorded Supplementary Declaration(s) (or any exhibits attached thereto), (k) designate Maintenance District Areas or Gas Pipeline Restricted Areas, and/or (l) prior to Annexation, delete any portion of the Additional Property from the description of the Additional Property attached to this Declaration.

2.76 "Voting Power" means the voting power of the Association set forth in **Section 5.2.1 and 5.2.2** of this Declaration.

2.77 "Water Quality Management Plan" means that certain Water Quality Management Plan prepared by Hunsaker and Associates Irvine, Inc. on behalf of Declarant in compliance with the County of Riverside Stormwater/Urban Runoff Management and Discharge Controls Ordinance No. 754.1. The Water Quality Management Plan will be included as part of the Association Maintenance Guide.

ARTICLE 3

OWNERSHIP AND EASEMENTS

3.1 Ownership of Residential Lots. Ownership of each Residential Lot within the Community includes (a) fee title to a Residential Lot, (b) a membership in the Association, and (c) subject to the terms of the Governing Documents, any exclusive or non-exclusive easement or easements appurtenant to such Residential Lot over the Association Property as described in this Declaration and the deed to the Residential Lot.

3.2 No Separate Conveyance. The interest of each Owner in the use and benefit of the Association Property shall be appurtenant to the Residential Lot owned by the Owner. No Residential Lot shall be conveyed by the Owner separately from the right to use the portions of the Association Property which are open for access by the Owners and their Invitees. Any conveyance of any Residential Lot shall automatically transfer the interest in the Owner's right to use the Association Property as provided in this Declaration without the necessity of express reference in the instrument of conveyance.

3.3 Delegation of Use. Any Owner entitled to the right of use of the Association Property may delegate such Owner's rights provided in this Declaration to the Owner's other tenants, contract purchasers or subtenants who reside in such Owner's Residential Lot, subject to reasonable regulation by the Association. An Owner who has made such a delegation of rights shall not be entitled to use of the Association Property for so long as such delegation remains in effect, other than such access rights as are directly related to the Owner's rights and duties as landlord.

3.4 Limitations. All of the easements and licenses described in this **Article 3** are subject to the limitations set forth in **Section 3.11** and any other limitations and restrictions set forth in the Governing Documents.

3.5 Easements. The ownership interests in the Association Property and Residential Lots, and each Owner's right of ingress and egress over the Association Property described in this Article are subject to the easements and rights of the Association granted and reserved in this Declaration and the other Governing Documents. Each of the easements reserved or granted under this Declaration shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Owners, the Residential Lots, the Association and the Association Property superior to all other encumbrances applied against or in favor of any portion of the Community. Individual grant deeds to Residential Lots may, but shall not be required to, set forth the easements specified in this Article.

3.5.1 Declaration Subject to Easements. Notwithstanding anything herein expressly or impliedly to the contrary, this Declaration and the Community shall be subject to all easements and rights of way shown on the Final Map and all other easements of record.

3.5.2 Utilities. There are reserved and granted for the benefit of the Residential Lots and the Association Property, over, under, across and through the Community, reciprocal, non-exclusive easements for the maintenance, repair and replacement of the Utility Facilities pursuant to this Declaration.

3.6 Commencement of Easements. All of the easements set forth in this Article 3 shall commence upon recordation of this Declaration and the conveyance by the Declarant of a Residential Lot to an Owner and shall thereafter be deemed to be covenants running with the land for the use and benefit of the Association, the Owners and the Residential Lots.

3.7 Easements in Favor of Owners.

3.7.1 Easement for Drainage. Declarant hereby grants to each Owner for the benefit of the Owner and the Owner's Occupants an easement through the established drainage as described in Section 7.17 for runoff of surface water on, over, through and across the other Residential Lots and the Association Property.

3.7.2 Non-Exclusive Easements for Association Property. Declarant hereby grants to the Owners for their own benefit and the benefit of their Invitees, a non-exclusive easement for ingress, egress and use of the Association Property, subject to the terms of the Project Approvals and Governing Documents.

3.7.3 Encroachment. Declarant hereby grants to the Owners for their benefit and the benefit of their Occupants, reciprocal, non-exclusive easements over, under, across and through the Community, for encroachment, support, maintenance, repair, occupancy and use of such portions of the Residential Lots and/or, Association Property as are encroached upon, used or occupied as a result of any original construction design, accretion, erosion, addition, deterioration, decay, errors in original construction, movement, settlement, shifting or subsidence of any building, structure, or other improvements or any portion thereof, or any other cause. In the event any portion of the Community is partially or totally destroyed, the encroachment easement shall exist for any replacement structure that is rebuilt pursuant to the original construction design. The easement for the maintenance of the encroaching improvement shall exist for as long as the encroachments exists; provided, however, that no valid easement of encroachment shall be created due to the willful misconduct of the Association or any Owner. Any easement of encroachment may, but need not be, cured by repair and restoration of the structure.

3.8 Easements in Favor of Association.

3.8.1 Association Easement. Declarant hereby reserves and grants to the Association an easement over the Property, including, without limitation, any Association Maintenance Areas for performing its duties and exercising its powers described in the Governing Documents, and for

performing repairs or maintenance not performed by an Owner pursuant to the terms of this Declaration and/or the other Governing Documents.

3.8.2 **Easements for Drainage and Runoff.** Declarant hereby reserves and grants to the Association an easement for runoff of surface water through the established drainage as described in **Section 7.17** on, over, through and across the other Residential Lots and the Association Property.

3.8.3 **License to Perform Obligations Pursuant to License Agreement.** Declarant hereby reserves and grants to the Association a license to perform the Association's obligations pursuant to the License Agreement.

3.9 Easements in Favor of Declarant and any Guest Builder.

3.9.1 **Declarant's Easements to Exercise of Rights.** Declarant hereby reserves to itself and any Guest Builder, together with the right and power to grant and transfer the same, a non-exclusive easement to perform its duties and exercise its powers under this Declaration, including, without limitation, the rights and powers described in **Article 10** and any rights, powers and obligations reserved or granted to Declarant and/or any Guest Builder.

3.9.2 **Easements to Declarant for Additional Property.** Declarant shall have, and hereby expressly reserves for itself and any Guest Builder with the right and power to grant and transfer the same, an easement over, upon, through and across the Property for the purpose of ingress to and egress from, over and across the Property, to the Additional Property until all of such Additional Property is annexed to the Property and made subject to this Declaration.

3.9.3 **Installation of Additional Improvements.** Declarant hereby reserves to itself and any Guest Builder, together with the right and power to grant and transfer the same, the right to install and operate within the Property such landscaping, sidewalks, walkways, drainage areas, lighting, signage, monumentation, Utility Facilities, and other facilities and Improvements, as may be deemed appropriate by Declarant or any Guest Builder and/or required by the Project Approvals or in connection with the issuance of any permits or approvals for the benefit of Declarant or any Guest Builder. In addition, Declarant and any Guest Builder hereby reserves to itself a non-exclusive easement over, upon and across all such Property for purposes of such access as may be reasonably required in connection with such activities.

3.9.4 **Facilities.** Declarant hereby reserves to itself, together with the right and power to grant and transfer the same, easements on, over, under, through and across the Property for the purpose of constructing, erecting, operating and maintaining facilities and improvements, including, without limitation, easements for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines, and drainage facilities, as may be shown on any recorded subdivision or Final Maps of the Property or as are required by any Governmental Agencies or as may be required in connection with the development of the Property.

3.9.5 **Development Easements in Favor of Declarant and any Guest Builder.** Declarant hereby reserves to itself and any Guest Builder, together with the right and power to grant and transfer the same non-exclusive easements over the Property for access to, and ingress and egress over and across, any portions of the Property as is reasonable and necessary to undertake and complete the work of development, construction, marketing, conveyance and/or repair and replacement of the Improvements and the right to exercise any warranty or rights to repair granted to Declarant or any Guest Builder under this Declaration, any other warranty or Applicable Laws.

3.9.6 **Easements for Signage.** Declarant hereby reserves to itself and any Guest Builder, easements on, over, under, through and across the Association Property to install, maintain, repair and replace, identification, promotional, and other signage and advertising materials required or deemed necessary by Declarant or any Guest Builder, including, without limitation, any signage in

connection with the exercise of the activities described in **Sections 3.9.5** above and **Article 10** of this Declaration.

3.10 Easements in Favor of Declarant, Guest Builder and/or the Association.

3.10.1 Enforcement Easement. Declarant hereby reserves to itself and grants to the Association and any Guest Builder, a non-exclusive easement and right of access over, upon, across and through all portions of the Property, for the purpose of taking such action as may be reasonably required to exercise the remedies of the Declarant, Guest Builder or the Association (as applicable) in regard to any violation of this Declaration or any of the other Governing Documents. In the case of any such entry over, upon, across and through any portion of the Property that is not owned by the Association, (a) Declarant, Guest Builder or the Association shall endeavor to provide reasonable prior notice to the Owner, except in the case of Emergency where no such notice shall be required, and (b) Declarant, Guest Builder or the Association shall use commercially reasonable efforts to minimize any inconvenience to the Owner and/or Occupants.

3.11 Limitations on Easements and License Rights. The easement rights, and the reservations of the right and authority to grant easements, described in the foregoing provisions of this **Article 3** and elsewhere in this Declaration, shall be subject to the limitations set forth below.

3.11.1 Easements of Record. The Property and all of the easements granted or reserved herein are subject to all covenants, conditions, restrictions, encumbrances, easements, dedications, and rights of way as shown on any Final Map and any other matters of record, including, without limitation, the Project Approvals and any agreements recorded by Declarant to memorialize the easement and other rights reserved to Declarant or Guest Builder under this Declaration.

3.11.2 Governing Documents. All of the easements and other rights granted herein are subject to the limitations, restrictions and easements set forth in the Governing Documents. Without limiting the foregoing, all of such easements and rights shall be subject to the easements and other rights granted or reserved to the Declarant, Guest Builder, the Association and their Invitees, as specified above.

3.11.3 Restricted Access. All of the easements are subject to the right of Declarant, Guest Builder or the Association to restrict access to certain areas, as may be necessary to comply with Project Approvals or to perform maintenance and repair obligations under this Declaration or any warranty or other agreements entered into by Declarant, Guest Builder or the Association or in the event of an Emergency or to exercise any other rights reserved or granted by Declarant or the Association hereunder, or the other Governing Documents.

3.11.4 Suspend Right to Use Association Property. All of the easements are subject to the right of the Association, after Notice and Hearing, to temporarily suspend the right to use the Association Property pursuant to the terms of the Governing Documents.

3.11.5 Easements and Dedication. The Association shall have the right to dedicate, transfer or grant easements over all or any part of the Association Property or any interest therein to the City or other Person, which dedication, transfer or easements shall be subject to the provisions of this Declaration and such other conditions as the Association deems proper.

3.11.6 Duration of Easement Rights. Except for the rights of Declarant and any Guest Builder, the easement rights granted under this Declaration shall be for a term and duration coextensive with the Owner's title or interest in and to a Property. Upon conveyance of a Residential Lot, such rights shall pass to the successor Owner(s) of the Residential Lot being conveyed.

3.11.7 Rights of Invitees. Notwithstanding any other provisions of this Declaration or the Governing Documents, nothing contained in this **Article 3** is intended to grant any third party

beneficiary rights or any other rights to a Invitee. No Invitee shall have any rights under this **Article 3** independent of the rights granted to an Owner.

3.12 Easement for Flood Control Maintained Facilities. Declarant hereby reserves and grants to the Riverside County Flood Control and Water Conservation District for the benefit of the Riverside County Flood Control and Water Conservation District the easements over, across and through the Association Property for purposes of access to and maintenance of the Flood Control Maintained Facilities .

3.13 Light, Air and View. No Owner shall have an easement for light, air or view over the Residential Lot of another Owner and no diminution of light, air or view by any Improvement now existing or hereafter erected shall entitle the Owner or any Invitee to claim any easement for light, air or view within the Community.

3.14 Cross Lot Drain Facilities. There is hereby reserved by Declarant and granted to the Owner of the Residential Lots upon which Cross Lot Drain Facilities are located, a non-exclusive reciprocal easement over these portions of such Residential Lots for the purpose of drainage through the Cross Lot Drain Facilities.

ARTICLE 4

THE ASSOCIATION

4.1 The Organization. The Association is a non-profit mutual benefit corporation formed under the Nonprofit Mutual Benefit Laws of the State of California. On the conveyance of the first Residential Lot to an Owner under a Public Report, the Association shall be charged with the duties and given the powers set forth in the Governing Documents.

4.2 Association Action; Board of Directors And Officers; Members' Approval. Except as to matters requiring the approval of Members as set forth in the Governing Documents, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Such election or appointment shall be in accordance with the Governing Documents. Except as otherwise provided in the Governing Documents, all matters requiring the approval of Members shall be deemed approved if (a) Members holding a majority of the total Voting Power consent to them in writing as provided in the Bylaws, (b) such matters as are approved by a majority vote of a quorum of Members at any regular or special meeting held in accordance with the Bylaws, or (c) in certain situations set forth in **Section 4.5.9** of this Declaration, such matters are approved in accordance with **Section 4.5.9**.

4.3 Powers of Association. Subject to the limitations expressly set forth in the Governing Documents, the Association shall have all the powers of a non-profit mutual benefit corporation organized under the laws of the State of California subject only to such limitations on the exercise of such powers as are set forth in the Governing Documents. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under the Governing Documents, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association, including, without limitation, the powers set forth below. Notwithstanding the foregoing, the Association shall not undertake any of the activities described in **Section 4.6** below.

4.4 Performance of Duties; Commencement of Association's Duties and Powers. The Association shall have the power to undertake all of the express duties required under this **Section 4.4** to be performed by the Association. Unless otherwise specified in a Supplementary Declaration, the duties, rights and powers of the Association as described in this Declaration shall commence from and after the date of the conveyance of fee ownership of any portion of the Property from the Declarant to an Owner under a Public Report for property in that Phase, or such earlier date that the Declarant may elect, and the Association shall thereupon assume all such duties and such rights and powers.

4.4.1 **Assessments.** The Association shall have the power to establish, fix, and levy Assessments against the Owners and to enforce payment of such Assessments, in accordance with the provisions of the Governing Documents.

4.4.2 **Right of Enforcement.** The Association, in its own name and on its own behalf, or on behalf of any Owner who consents, shall have the power to (a) take disciplinary action and/or assess monetary fines against an Owner for violation of the Governing Documents by such Owner or their Invitees, (b) commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provision of the Governing Documents, (c) after Notice and Hearing, suspend the rights to use any Association Property or membership rights or privileges, and/or (d) enforce by mandatory injunction, or otherwise, all of the restrictions in the Governing Documents.

4.4.3 **Delegation of Powers; Professional Management.** The Association can delegate its powers, duties, and responsibilities to committees or employees, including a professional managing agent, subject to the requirements of **Section 4.7.**

4.4.4 **Right of Entry and Enforcement.** The Association shall have the power and right (but not the obligation) in accordance with the provisions of this Declaration to enter upon any of the Association Maintenance Areas and, upon at least twenty-four (24) hours' notice, the right to enter upon any other portion of the Residential Lot without liability to any Owner, for the purpose of enforcing any of the provisions of the Governing Documents; provided, however, that in the event that there is an Emergency, the agents and representatives of the Board may enter such Residential Lot immediately and without notice for the sole purpose of taking such action as is necessary under the circumstances. In no event, however, may the Association enter into the interior of any Residence. Any damage caused by an entry by the Association pursuant to the provisions of this Section shall be repaired by the Association.

4.4.5 **Easements and Rights of Way.** The Association shall have the power to exercise any of the easement and other rights granted to the Association under **Article 3**, including, without limitation, the right to grant the easements and licenses over the Association Property and Association Maintenance Areas. The Association may grant and convey to any third party easements and licenses for use and rights of way in, on, over or under any Association Property in accordance with the provisions of this Declaration. The affirmative vote of Members owning at least a majority of the Residential Lots shall be required before the Board may grant exclusive use of any portion of the Association Property to any Member unless the grant of exclusive use is one of the exceptions to the Member approval requirement listed in California Civil Code Section 1363.07. A vote on a proposed grant of exclusive use shall be by secret ballot in accordance with the procedures set forth in California Civil Code Section 1363.03 and the rules adopted by the Board pursuant thereto.

4.4.6 **Dedication.** The Association may dedicate any of the Association Property to an appropriate public authority for public use as provided for in this Declaration.

4.4.7 **Capital Improvements.** Subject to the terms of this Declaration, the Association may approve the construction, installation or acquisition of a particular capital improvement to the Association Property, Offsite Maintenance Areas and the Association Maintenance Areas.

4.4.8 **Personal Property.** The Association may acquire and hold, as trustee for the benefit of its Members, tangible and intangible personal property and to dispose of the same by sale or otherwise, subject to the limitations set forth in **Section 4.6** below.

4.4.9 **Enter Into Subsidy or Maintenance Agreements.** The Association shall have the power to enter into maintenance or subsidy agreements with Declarant or Guest Builders.

4.4.10 **Contract for Goods and Services.** The Association shall have the power to contract for goods and services for the benefit of the Association Property, Association Maintenance Areas, Offsite Maintenance Areas and the Community that are necessary for the Association to perform

its duties and obligations hereunder, subject to the limitations set forth in **Section 4.6** below. To the extent any such goods and services are applicable solely to a Cost Center, the Association may assess such costs solely to the Cost Center.

4.4.11 **Borrow Funds.** The Association shall have the right to borrow money to improve, repair or maintain the Association Property or Association Maintenance Areas, Offsite Maintenance Areas and to hypothecate any or all real or personal property owned by the Association, including pledging as collateral the assessment liens levied thereon, provided that the borrowing of any money or hypothecation of any real or personal property in excess of five percent (5%) of the budgeted gross expenses of the Association shall require the approval by written ballot of a majority of each class of Members. Notwithstanding the foregoing, in no event may the Association borrow money to fund any litigation by the Association relating to the Community or the Improvements unless the consent of ninety percent (90%) of each class of Members and the consent of ninety percent (90%) of the First Mortgagees is obtained.

4.4.12 **Rights Regarding Title Policies.** If any title claims regarding the Association Property are made by any third party, the Association shall have the power to pursue such claims on any title insurance policy held by the Owners or the Association and each Owner hereby delegates, on a non-exclusive basis, and assigns to the Association any rights it may have under its title insurance policies to the extent that the title claim relates to the Association Property.

4.4.13 **Cost Centers.** Subject to the restrictions set forth in **Sections 4.5.7, 4.6.5, 5.5, and 6.8** of this Declaration, the Association shall have the power to form and administer Cost Centers in accordance with the terms and provisions of this Declaration and the Bylaws. In connection with the administration of Cost Center Areas, the Association shall have the power to establish advisory committees for any Cost Center Areas, comprised of Owners whose Residential Lots are within the applicable Cost Center Areas. Such advisory committees may propose special rules and regulations with respect to Cost Centers or Cost Center Maintenance Areas which may be adopted by the Association. The Association shall also adopt special election procedures for the election of Members of such advisory committees.

4.4.14 **Claims and Actions.** Subject to the provisions of this Declaration, the Association shall have the power, but not the duty, to initiate, defend, settle, release or intervene in mediation, arbitration, judicial or administrative proceedings on behalf of the Association in matters pertaining to (a) the application or enforcement of this Declaration, and (b) any and all claims, causes of action, damages and suits for defects relating in any way to the design or construction of the Association Property Association Maintenance Areas or any portion thereof, on behalf of all Owners; provided, however that no representative of Declarant on the Board shall vote on the initiation of any claim under California Civil Code Section 895 et seq., such that from and after the first election of directors in which Class A Members of the Association participate, Declarant shall have no control over the Association's ability to decide whether to initiate a claim under such statutory provisions and in the event of such a vote, the affirmative vote of the two non-Declarant representatives on the Board shall be binding so long as a quorum of the Board is present at any meeting where such vote is taken. The Association and not the individual Members shall have the power to pursue any claims or other actions using the non-adversarial procedures for construction defects in the Association Property or Association Maintenance Areas pursuant to Civil Code Section 895 et seq. Each Owner hereby agrees to designate such authority to the Association and assigns to the Association all power and authority as is necessary for any settlement or release of any such claims.

4.5 Duties of the Association. In addition to the powers described above, and without limiting their generality, the Association has the obligation to perform duties set forth in this Declaration and the other Governing Documents subject to and in accordance with the Governing Documents, the Project Approvals and Applicable Laws.

4.5.1 **Applicable Laws and Project Approvals.** The Association shall comply with all Applicable Laws and the Project Approvals.

4.5.2 **Obligations Under Other Governing Documents.** The Association shall perform all other duties that may be expressly imposed on the Association in any other Governing Documents.

4.5.3 **Association Property, Offsite Maintenance Areas and Association Maintenance Areas.** The nature, design, quality and quantity of all Improvements to the Association Property, Offsite Maintenance Areas and the Association Maintenance Areas shall be determined by Declarant, in its sole discretion. The Association shall accept any Association Property and Improvements situated thereon and any easements over the Offsite Maintenance Areas and easements in the Association Maintenance Areas conveyed by Declarant and/or created under this Declaration and shall maintain, repair, replace, operate, and otherwise manage all of the Improvements and facilities within the Association Maintenance Areas, Association Property and Association Maintenance Areas and all personal property acquired by the Association in accordance with the terms and provisions of the Governing Documents and the Project Approvals. The Board shall periodically review the nature and scope of the operations of the Association to assure such operations are in satisfactory compliance with the requirements of the Governing Documents and the Maintenance Guide. The Association shall comply with the requirements of any agreements entered into between Declarant and a Governmental Agency pertaining to the Association Property Association Maintenance Areas and/or Offsite Maintenance Areas. In the event that a dispute arises between Declarant and the Association with respect to the nature, design, quality or quantity of such Improvements, or the acceptance of maintenance responsibilities therefore, the Association shall be obligated to accept title to the Association Property and any easements over the Association Maintenance Areas and Offsite Maintenance Areas and undertake maintenance responsibilities therefor, pending resolution of the dispute, in accordance with the provision for enforcement set forth in **Article 17** herein.

4.5.4 **Potential Association Property.** In the event the County transfers ownership or maintenance obligations for the Potential Association Property to the Association, the Association shall be obligated to accept such Potential Association Property, and shall thereafter maintain, own and operate the Potential Association Property as Association Property, Offsite Maintenance Area and/or an Association Maintenance Area (as applicable) pursuant to the provisions of this Declaration and the other Governing Documents.

4.5.5 **Water and Other Utilities.** The Association shall have the duty to acquire, provide and pay for necessary utility and other services for the Association Property, Association Maintenance Areas and Offsite Maintenance Areas.

4.5.6 **Utility Suppliers.** The Association shall permit utility suppliers and other providers of any telecommunications or other services to use portions of the Association Property reasonably necessary to the ongoing development and operation of the Community.

4.5.7 **Cost Center Administration.** The Association shall administer and perform any obligations associated with any Cost Center created pursuant to this Declaration.

4.5.8 **Compliance With Association Maintenance Guide.** The Association shall comply with the requirements set forth in the Association Maintenance Guide provided by Declarant to the Association. The Board may, from time to time, make appropriate revisions to the Association Maintenance Guide based on the Board's review thereof, to update such guide to provide for maintenance according to current industry practices so long as such changes do not reduce the useful life or functionality of the items being maintained.

4.5.9 **Members' Approval of Certain Actions.** In the event that any claim or other actions brought by the Association against Declarant, including without limitation claims brought under California Civil Code Section 895 et seq. involving allegations of construction defects relating to the Association Property or Association Maintenance Areas is not resolved pursuant to the non-adversarial procedures set forth in California Civil Code Sections 910 through 938, the Association shall not initiate a

further action or arbitration proceeding under **Section 17.6** or otherwise without first obtaining the consent of the Owners other than Declarant, constituting of a majority of the Voting Power.

4.5.10 **Utility Suppliers.** The Association shall have the duty to permit utility suppliers and other providers of any telecommunications or other services to use portions of the Association Property reasonably necessary to the ongoing development and operation of the Community.

4.5.11 **Maintenance of Community.** The Association shall perform the maintenance, repair and replacement obligations described in **Article 8**.

4.5.12 **Management.** The Association shall have the duty to retain a professional manager or other Persons and contract with independent contractors or managing agents who have professional experience in the management of similar planned communities to perform any services required for the maintenance, protection, operation and preservation of the Property.

4.5.13 **Assignment of Maintenance Responsibilities.** The Association shall have the right to relinquish or assign its maintenance responsibilities to any Governmental Agencies, including without limitation, maintenance or assessment districts, utility companies and/or school districts.

4.5.14 **Taxes and Assessments.** The Association shall have the duty to pay all real and personal property taxes levied against the Association Property, or personal property owned by the Association. Such taxes and assessments may be contested by the Association provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

4.5.15 **Liens and Charges.** The Association shall pay any amount necessary to discharge any lien or encumbrance upon the Association Property, the Association Maintenance Areas, or any other property or interest of the Association.

4.5.16 **Association Rules.** The Association shall adopt and be entitled to enforce the Association Rules as it deems to be appropriate relating to the use and operation of the Association Property and other Association Maintenance Areas. The Association Rules shall govern the Community. However, the Association Rules shall not be inconsistent with or materially alter any provisions of the Governing Documents. A copy of the Association Rules shall be mailed or otherwise delivered to each Owner. In case of any conflict between any of the Association Rules and any other provisions of this Declaration, the conflicting Association Rule shall be deemed to be superseded by the provisions of the Governing Documents. Notwithstanding any provision of this Declaration to the contrary and to the extent Civil Code Section 1357.100 et seq. is applicable to the Association Rules, any rule which is considered to be an operating rule under Civil Code Section 1357.100 et seq. may not be adopted, changed or amended except by and pursuant to the procedures set forth in California Civil Code Section 1357.100, et seq.

4.5.17 **Insurance.** The Association shall have the duty to obtain, from reputable insurance companies licensed to do business in California, and maintain the insurance described in **Article 11**.

4.5.18 **Notice Prior to Litigation.** The Association shall notify all Owners of any claim filed for or on behalf of the Association pursuant to the provisions of this Declaration. The notice shall include a proposed budget for the litigation and an explanation of the source of the funds for the litigation. Such notice shall provide an explanation of why the litigation is being initiated or defended, and shall include a budget for the litigation (including, without limitation, experts' fees and costs, consultants' fees and costs and the costs of the proceedings.) The notice must state that the Members have a right to review an accounting for the litigation provided in Section 1365.5 of the California Civil Code, which will be available at the Association's office pursuant to the provisions of **Article 17** of this Declaration. Any such litigation which is filed shall also conform to the requirements set forth in **Article 17**.

4.5.19 **Financial Matters.** The Association shall have the duty to prepare annual Budgets, reports, balance sheets and operating statements for the Association as required under the Governing Documents.

4.5.20 **Use of Proceeds to Repair.** If the Association receives, on its own behalf or for the benefit of the Owners, any proceeds as a result of any construction defect or other claims or litigation brought by the Association relating to repair or maintenance obligations of the Association, then the Association shall apply such proceeds first for the purpose of making the repairs or replacing reserve funds previously utilized by the Association to cause such repairs and then, to the costs of such litigation. Any excess proceeds shall be applied as determined by the Board, subject to any requirements established by the non-profit mutual benefit laws of the State of California and any other Applicable Laws.

4.5.21 **Warranties.** The Association shall comply with the terms of any warranty in favor of the Association for any equipment or facilities within the Association Property and/or Association Maintenance Areas. The Association acknowledges that certain warranties require the Association to maintain certain maintenance contracts in effect and, to the extent the Board discontinues such maintenance contracts, the effectiveness of the warranty may be impaired or eliminated.

4.5.22 **Maintenance Guides.** The Association shall maintain at the offices of the Association a copy of the Homeowner Maintenance Guide provided by Declarant to the Owners and shall make available to every Owner upon request a copy of the Homeowner Maintenance Guide for the Owners' Residential Lots. The Association shall also comply with provisions of the Association Maintenance Guide provided by Declarant to the Association. The Board may, from time to time, make appropriate revisions to the Association Maintenance Guide based on the Board's review thereof, to update such Guide to provide for maintenance according to current industry practices so long as such changes do not reduce the useful life or functionality of the items being maintained.

4.6 **Limitations on Authority of Board.** The Association shall not take any of the actions listed below except with the vote or written consent of: (a) a majority of the Members of each of Class A and Class B during the time the Class B voting structure set forth in **Section 5.2** of this Declaration is in effect; or (b) except with the vote at a meeting of the Association or by written ballot without a meeting pursuant to Corporations Code Section 7513 of at least a majority of the Members of the Association including at least a majority of Association Members other than Declarant after conversion to a single Class A voting membership.

4.6.1 **Limit on Capital Improvements.** The Association shall not, without obtaining the consent of the Members as set forth above, incur aggregate expenditures for capital improvements to the Association Property and/or Association Maintenance Areas or Offsite Maintenance Areas in any Fiscal Year in excess of five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year.

4.6.2 **Limit on Sales of Association Property.** The Association, shall not, without obtaining the consent of the Members as set forth above, sell during any Fiscal Year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year.

4.6.3 **Limit on Compensation.** The Association shall not, without obtaining the consent of the Members as set forth above, pay compensation to members of the Board for services performed in the conduct of the Association's business. However, the Board may cause a member of the Board to be reimbursed for expenses incurred in carrying on the business of the Association.

4.6.4 **Limit on Third Person Contracts.** The Association shall not, without obtaining the consent of the Members as set forth above, enter into a contract with a third person wherein the third person will furnish goods or services for the Association Property, and/or Association Maintenance Areas or Offsite Maintenance Areas for a term longer than one (1) year with the following exceptions:

(a) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(b) A prepaid casualty and/or liability insurance policy not to exceed three (3) years duration; provided that the policy permits for short-rate cancellation by the insured;

(c) A contract for a term not to exceed three (3) years that is terminable by the Association after no longer than one (1) year without cause, penalty or other obligations upon ninety (90) days' written notice of termination to the other party;

(d) A contract which has been submitted to the DRE in connection with an application for a Public Report; and

(e) Any maintenance agreement for the maintenance of any portion of the Association Property, Association Maintenance Areas and/or Offsite Maintenance Areas or Offsite Maintenance Areas which is required as a condition to the effectiveness of any warranty in favor of the Association.

4.6.5 **Cost Center Limitation.** In addition to the requirements set forth in **Section 6.8** below, for so long as Declarant or a Guest Builder owns any Property or Annexable Property, neither the Association nor any Owner, without the prior written consent of Declarant, shall create or eliminate a Cost Center or other such device to apportion any Common Expenses of the Association against fewer than all of the Owners and their Residential Lots.

4.6.6 **Prohibited Functions.**

(a) **Property Manager.** The Association Manager shall at all times be a professional manager operating as an independent contractor. The Association shall have the right to designate a portion of the Association Property for use as an on-site manager's office.

(b) **Off-Site Nuisances.** The Association shall not use any Association funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of the Property.

(c) **Political Activities.** The Association shall not (a) participate in federal, state or local political activities or activities intended to influence a governmental action affecting areas outside the boundaries of the Property (e.g. endorsement or support of (i) legislative or administrative actions by a local governmental authority, (ii) candidates for elected or appointed office, or (iii) ballot proposals, or (b) conduct, sponsor, participate in or expend funds or resources or any activity, campaign or event, including any social or political campaign, event or activity which is not directly and exclusively pertaining to the authorized activities of the Association.

4.7 **Contracts.** Any agreement for professional management of the Community or any agreement providing for services of the Declarant shall be for a term not to exceed one (1) year without the consent of a majority of each class of Members; provided, however, that in no event shall such an agreement exceed a term of three (3) years. Any such agreement shall provide that the agreement may be terminated by either party without cause and without payment of a termination fee upon not more than ninety (90) days' written notice.

4.8 **Personal Liability.** No volunteer officer or volunteer director of the Board, or of any committee of the Association (each a "**Management Party**"), shall be personally liable to any Owner or to any other party, including the Association, for any act or omission of any Management Party if such Person has, on the basis of such information as was actually possessed by him or her, acted in good faith without willful, wanton or gross misconduct when performing an act within the scope of the Person's

duties (collectively, an "Official Act"). The Association has the power and duty to indemnify, defend, protect and hold harmless each Management Party for all damages, and expenses incurred (including, without limitation, reasonable attorneys' fees and costs), and satisfy any judgment or fine levied as a result of any action or threatened action brought because of an act or omission which such Person reasonably believed was an Official Act. Management Parties are deemed to be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section. The entitlement to indemnification under this Declaration inures to the benefit of the estate, executor, administrator and heirs of any Person entitled to such indemnification. The Association has the power, but not the duty, to indemnify any other person acting as an agent of the Association for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act. The Association also has the power, but not the duty, to contract with any person to provide indemnification in addition to any indemnification authorized by Applicable Laws on such terms and subject to such conditions as the Association may impose.

4.9 Additional Provisions. Notwithstanding the provisions of this Declaration, by accepting a deed for a portion of the Property, the Association and the Owners acknowledge and agree that there may be Applicable Laws that may be applicable to the operation of the Association and the Property by the Association, including, without limitation, the Davis-Stirling Common Interest Development Act of Section 1350, et seq. of the California Civil Code and the Association and Owners shall comply with such provisions to the extent required by such Applicable Laws.

ARTICLE 5

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

5.1 Membership.

5.1.1 Qualifications. Each Owner of a Residential Lot which is subject to assessment, including Declarant and Guest Builders, shall be a Member of the Association. Ownership of a Residential Lot or interest in it shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until its ownership interest in the Residential Lots in the Community ceases at which time its membership in the Association shall automatically cease. Persons who hold an interest in a Residential Lot merely as security for performance of an obligation are not to be regarded as Members.

5.1.2 Members' Rights and Duties. Each Member shall have the rights, duties, and obligations set forth in the Governing Documents, as the same may from time to time be amended.

5.1.3 Transfer of Membership. The Association membership of each Person who owns, or owns an interest in, one or more Residential Lots shall be appurtenant to each such Residential Lot, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except on a transfer of title to each such Residential Lot or interest in it and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Residential Lot or interest in it shall operate automatically to transfer the appurtenant membership right in the Association to the new Owner. Declarant's Class C membership may not be transferred except to a successor to Declarant's rights to all or a portion of the Community. Transfer of Declarant's Class C membership shall be evidenced by the recordation in the Office of the County Recorder of Riverside County of an Assignment of Declarant's Rights which specifically assigns such Declarant's Class C membership rights.

5.1.4 Commencement of Voting Rights. An Owner's right to vote, including Declarant, shall not vest until Regular Assessments have been levied upon such Owner's Residential Lot as provided in this Declaration. All voting rights shall be subject to the restrictions and limitations provided for herein and in the other Governing Documents.

5.2 Number of Votes. The Association shall have two (2) classes of voting membership as described below. The voting rights described in **Sections 5.2.1** and **5.2.2** below shall constitute the Voting Power of the Association.

5.2.1 Class A Members. Class A Members shall originally be all Owners of Residential Lots. The Declarant and the Guest Builder(s) shall not be Class A Members, for so long as there exists a Class B membership. Upon expiration of the Class B membership, Declarant and the Guest Builder(s) shall become a Class A member. Each Class A Member will be entitled to cast for each Residential Lot subject to Regular Assessments hereunder and owned by such Class A Member as to which Regular Assessments have commenced, one (1) vote for each Residential Lot owned by such Class A Member.

5.2.2 Class B Members. The Class B Member shall be the Declarant and each Guest Builder who shall each be entitled to three (3) votes for each Residential Lot owned by Declarant and any Guest Builder(s) in a Phase for which assessments have commenced. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest any of the following to occur:

(a) When the Association's Regular Assessments have commenced against an aggregate of three hundred seventy-seven (377) Residential Lots;

(b) On the fifth anniversary following the most recent conveyance by Declarant to an Owner of the first close of escrow of a Residential Lot in a Phase covered by an issued Public Report;

(c) On the twenty-fifth anniversary of the first conveyance of a Residential Lot to an Owner under authority of a Public Report.

5.2.3 Class C Member. The Class C Member shall be Declarant (whether or not Declarant is an Owner). The Class C membership shall not be considered a part of the Voting Power of the Association and Declarant shall not be entitled to exercise any Class C votes except for the purpose of electing a majority of the members of the Board pursuant to the provisions set forth below. The Class C Member shall be entitled to solely elect a majority of the members of the Board until the date which is the earlier to occur of:

(a) When the Association's Regular Assessments have commenced against an aggregate of three hundred seventy seven (377) Residential Lots;

(b) On the fifth anniversary following the most recent conveyance by Declarant to an Owner under authority of a Public Report of the first Residential Lots in any Phase;

(c) On the twenty-fifth anniversary of the first conveyance of a Residential Lot under authority of a Public Report to an Owner.

5.2.4 Member Approvals. As long as Class B Membership exists, no action by the Association that must have the prior approval of the Association Members shall be deemed approved by the Members unless approved by the appropriate percentage of Class A and Class B Members, except as set forth in **Section 4.5.9** of this Declaration. Upon conversion to a single Class A voting membership, any action by the Association that must have the prior approval of the Members will require approval by at least a majority of the Members of the Association including at least a majority of Members other than Declarant and Guest Builders.

5.3 Declarant's Right to Select Director. In any election of Directors after the Class B membership and Class C membership has been terminated, so long as Declarant owns any of the Property or the Additional Property, the Board shall adopt special procedures to ensure that at least one

(1) Director is selected by Declarant. A representative to the Board selected by Declarant pursuant to the provisions of this Section may be removed prior to the expiration of his or her term of office only with the consent of Declarant.

5.4 Joint Owner Votes. The voting rights for each Residential Lot may not be cast on a fractional basis. If the joint Owners of a Residential Lot are unable to agree among themselves as to how their voting rights shall be cast, they shall forfeit the vote on the matter in question. If any Owner exercises the voting rights of a particular Residential Lot, it will be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of the same Residential Lot. If more than one (1) Person exercises the voting rights for a particular Residential Lot, their votes shall not be counted and shall be deemed void.

5.5 Cost Center Approvals. Notwithstanding any other provisions of the Governing Documents, any action expressly only for the benefit of a Cost Center or the Owners of Residential Lots within a Cost Center which requires a vote of the Members shall require the approval of the prescribed percentage of the class or classes of Members or the approval of Members other than Declarant (if applicable) of only those Owners within such Cost Center, except that if Section 1366 of the California Civil Code or any similar Applicable Laws requires the approval of all Owners, then this provision shall not apply.

ARTICLE 6

ASSESSMENTS AND DUES

6.1 Creation of Lien And Personal Obligation For Assessments. Declarant and each Guest Builder, for each Residential Lot owned within the Property, hereby covenants, and each Owner of a Residential Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association all Assessments levied pursuant to the provisions of this Declaration. All Assessments levied hereunder, together with interest, costs and reasonable attorneys' fees assessed hereunder, shall be a charge on the land and shall be a continuing lien upon the Residential Lot against which each such assessment is made, the lien to be effective upon recordation of a notice of delinquent assessments. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Residential Lot at the time when the Assessment fell due and shall bind its heirs, devisees, personal representatives and assigns. Unlike the lien for non-delinquent Assessments, the personal obligation for delinquent Assessments shall not pass to successive Owners, unless expressly assumed by such successive Owner. No such assumption of personal liability by a successive Owner (including a contract purchaser under an installment land contract) shall relieve any Owner against whose Residential Lot the lien was levied from personal liability for delinquent Assessments. If more than one person or entity was the Owner of a Residential Lot, the personal obligation to pay such Assessment or installment respecting such Residential Lot shall be both joint and several.

6.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to perform the obligations and duties of the Association, including, without limitation, the improvement and maintenance of the Association Property, Offsite Maintenance Areas and Association Maintenance Areas and for any other maintenance responsibilities of the Association, and to reimburse the Association for the costs incurred in bringing an Owner into compliance with the Governing Documents. The Association shall not impose or collect any Assessment, penalty or fee that exceeds the amount necessary for the purpose or purposes for which it is levied. If the Association decides to use or transfer reserve funds to pay for litigation, the Association must notify its Members of the decision at the next available meeting. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the reserve funds will be replaced, and a proposed budget for the litigation. The notice must state that the Members have a right to review an accounting for the litigation as provided in Section 1365.5 of the California Civil Code which will be available at the Association's office. The accounting shall be updated monthly.

6.3 Regular Assessments.

6.3.1 **Payment of Regular Assessments.** Regular Assessments for each Fiscal Year shall be established when the Board approves the Budget for that Fiscal Year, which Budget shall be prepared in accordance with the provisions of this Declaration and the Governing Documents. Regular Assessments shall be levied on a Fiscal Year basis. Unless otherwise specified by the Board, Regular Assessments shall be due and payable in monthly installments on the first day of each month during the term of this Declaration. Declarant's obligation or subsidy for such Regular Assessments may be reduced in accordance with the terms of any maintenance or subsidy agreement executed by Declarant and the Association.

6.3.2 **Budgeting.** Regardless of the number of Members or the amount of assets of the Association, each year the Board shall prepare, approve and make available to each Member a Budget as described in the Article of the Bylaws entitled "Budget and Financial Statements," not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Fiscal Year or as otherwise required by Applicable Laws.

6.3.3 **Restrictions for Tax Exemption.** As long as the Association seeks to qualify and be considered as an organization exempt from federal and state income taxes pursuant to Internal Revenue Code Section 528 and California Revenue and Taxation Code Section 23701 and any amendments thereto, then the Board shall prepare its annual Budget and otherwise conduct the business of the Association in such a manner consistent with federal and state requirements to qualify for such status.

6.3.4 Assessments After Conveyance In Subsequent Phase.

(a) **Reallocation of Assessments.** After the conveyance of the first Residential Lot in a Phase, the Assessment in the Budget shall be reallocated among all Residential Lots in the Community then subject to assessment, including those in the Phase, in the same manner as described above, provided, however, that Regular Assessments shall be levied against the Model Home Lots in accordance with the provisions of **Section 6.12** below.

(b) **Revision of Budget.** Notice of the new Regular Assessment to be levied against each Residential Lot in the Community shall be delivered by the Association to the Owners then subject to Assessment, and Declarant within sixty (60) days after the close of escrow for the first Residential Lot sold in the new Phase.

6.3.5 **Non-Waiver of Assessments.** If before the expiration of any Fiscal Year the Association fails to fix Regular Assessments for the next Fiscal Year, the Regular Assessment established for the preceding year shall continue until a new Regular Assessment is fixed.

6.4 Special Assessments. If the Association determines that the estimated total amount of funds necessary to defray the Common Expenses of the Association for a given Fiscal Year is or will become inadequate to meet expenses for any reason, including, without limitation, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on, damage and destruction or condemnation of the Association Maintenance Areas, the Board may levy a special assessment ("**Special Assessment**"). Special Assessments shall be subject to the limitations set forth in **Section 6.9** below; provided, however, that such limitation shall not apply to Special Assessments levied by the Board to replenish the Association's reserve account as provided in the Article of the Bylaws entitled "Association's Accounts". The Board may, in its discretion, prorate such Special Assessment over the remaining months of the Fiscal Year or levy the assessment immediately against each Residential Lot. Unless exempt from federal or state income taxation, all proceeds from any Special Assessment shall be segregated and deposited into a special account and shall be used solely for the purpose or purposes for which it was levied or it shall be otherwise handled and used in a manner authorized by law or regulations of the Internal Revenue Service or the California Franchise Tax Board in order to avoid, if possible, its taxation as income of the Association.

6.5 Capital Improvement Assessment. In addition to any other Assessments provided for hereunder, the Association may levy a capital improvement Assessment ("**Capital Improvement Assessment**") for the purpose of defraying, in whole or in part, the cost of any construction or replacement of a capital improvement in accordance with the provisions of **Section 4.4.7**. Capital Improvement Assessments shall be due and payable by all Owners in such installments and during such period or periods as the Board shall designate. Increases in Capital Improvement Assessments shall be subject to the limitations set forth in **Section 6.9** below.

6.6 Enforcement Assessments. The Association may levy an enforcement assessment ("**Enforcement Assessment**") against any Owner who causes damage to the Association Property, Association Maintenance Areas or any other areas which the Association is obligated to maintain, for bringing an Owner or its Residential Lot into compliance with the provisions of the Governing Documents, and/or any other charge designated an Enforcement Assessment in the Governing Documents, together with any Additional Charges related thereto as provided in this Declaration. If the Association undertakes to provide materials or services which benefit individual Owners, then such Owners in accepting such materials or services agree that the costs thereof shall be an Enforcement Assessment. The Board shall have the authority to adopt a reasonable schedule of Enforcement Assessments for any violation of the Governing Documents. If, after Notice and Hearing as required by the Governing Documents and which satisfies Section 7341 of the California Corporations Code and Section 1363 of the California Civil Code, the Owner fails to cure or continues such violation, the Association may impose an additional fine each time the violation is repeated, and may assess such Owner and enforce the Enforcement Assessment as herein provided for nonpayment of an Assessment. A hearing committee may be established by the Board to administer the foregoing. Notwithstanding any other provision in this Declaration to the contrary, Enforcement Assessments are Assessments but they may not become a lien against the Owner's Residential Lot that is enforceable by a power of sale under California Civil Code Sections 2924, 2924b and 2924c. This restriction on enforcement is not applicable to late payment charges for delinquent Assessments or charges imposed to reimburse the Association for loss of interest or for collection costs, including reasonable attorneys' fees, for delinquent Assessments.

6.7 Special Allocation Assessment. The Association may establish a Special Allocation Assessment for special services or maintenance, or any other cost or expense which will benefit less than all of the Owners. Such a Special Allocation Assessment may be imposed only by a vote of a majority of the Owners of the Residential Lots benefited by the Special Allocation Assessment.

6.8 Formation of Cost Centers. Declarant may form Cost Centers prior to the conveyance of the Residential Lots within such Cost Centers to an Owner. If the Association forms any Cost Centers, the Association shall obtain a vote of a majority of the Owners of the Residential Lots benefited by the proposed Cost Center. Upon its approval, the Cost Center shall be described in a Supplementary Declaration recorded by the Association. From and after the formation of such a Cost Center by Declarant or the Association, it shall be administered by the Association in the same manner as all other Cost Centers provided for in this Declaration. Nothing contained herein shall give the Association or any Owner any rights to approve Cost Centers established by Declarant.

6.9 Changes to Assessments.

6.9.1 Limitation on Assessments. From and after January 1st of the year immediately following the conveyance of the first Residential Lot to an Owner, other than Declarant or a Guest Builder, the maximum annual Regular Assessment may not, except in the case of an Emergency (as hereinafter defined), be increased by an amount greater than twenty percent (20%) of the Regular Assessments for the preceding Fiscal Year and Special Assessments and Capital Improvement Assessments shall not be imposed, which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year, without the consent of a majority of the Members, constituting a quorum and casting a majority of the votes at a meeting or election of the Association conducted in accordance with the provisions of (i) California Civil Code Section 1363.03 and the rules adopted by the Board pursuant thereto and (ii) California Corporations Code Sections 7510 et seq. The Board may not increase the Regular Assessments for any Fiscal Year unless it has complied with

California Civil Code Section 1366. For the purpose of this Section, a quorum shall mean a majority of the Owners of the Association and an Emergency shall mean any one of the following:

- (a) an extraordinary expense required by an order of a court;
- (b) an extraordinary expense necessary to repair or maintain the Association Property, Association Maintenance Areas, Offsite Maintenance Areas or any part of the Community which is the responsibility of the Association to maintain where a threat to personal safety on the Community is discovered; or
- (c) an extraordinary expense necessary to repair or maintain the Association Property Association Maintenance Areas, or any part of the Community that the Association is responsible to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the Budget required under this Declaration and the Bylaws and California Civil Code Section 1365; provided, however, that prior to the imposition or collection of a Regular Assessment under this Section, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense which is 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 Members with the notice of Regular Assessment. For the purpose of calculating whether an increase to Regular Assessments exceeds twenty percent (20%), the term "Regular Assessments" shall be deemed to include the amount assessed against each Residential Lot by the Association as a Regular Assessment plus any amount paid by Declarant as a subsidy pursuant to any subsidy agreements, to the extent such subsidy payments offset any amount which would otherwise be paid by Owners as Regular Assessments. Any increases authorized under this Section shall not be imposed unless the Board has complied with the budgetary requirements set forth in Article 9 of the Bylaws with respect to the Fiscal Year for which an assessment is being levied.

6.9.2 **Notice to Owners.** The Association shall provide notice by first class mail to the Owners of any increase in the Regular Assessments or Special Assessments of the Association, not less than thirty (30) days and not more than sixty (60) days prior to the increased Assessment becoming due and payable.

6.10 **Uniform Rate of Assessment.** Regular Assessments, Special Assessments and Capital Improvement Assessments shall be fixed at a uniform rate for all Residential Lots and may be collected on a monthly basis and shall be determined by dividing the amount of the assessment by the total number of Residential Lots then within the Community and subject to assessment. Enforcement Assessments shall be levied directly to the individual Residential Lots. Special Allocation Assessments shall be levied at a uniform rate to only the Owners who receive the benefit of the applicable Special Allocation Assessments, unless a different allocation formula is established prior to the imposition of the Special Allocation Assessment. Notwithstanding the foregoing, Declarant's obligation or subsidy for such Regular Assessments may be reduced in accordance with the terms of any maintenance or subsidy agreement executed by Declarant and the Association.

6.11 **Allocation of Assessments to Residential Lots Upon Establishment of Cost Centers.** The provisions of this Section 6.11 shall be applicable only upon the recordation by Declarant or the Association of a Supplementary Declaration establishing a Cost Center within the Community. Upon the recordation of such Supplementary Declaration, the Assessments shall be allocated to each assessable Residential Lot as set forth below.

6.11.1 **General Assessment Component.** The Regular Assessments exclusive of the Common Expenses included within the Cost Center Budget shall be allocated among the Owners and their respective Residential Lots as provided in the Budget.

6.11.2 **Cost Center Assessment Component.** The portion of the Regular Assessments budgeted exclusively to any particular Cost Center in the Cost Center Budget, if any shall be assessed solely to the Owners of Residential Lots within the applicable Cost Center, at a uniform rate

determined by dividing the amount of the assessment by the total number of Residential Lots within the Cost Center Assessment component may include, without limitation, estimated or actual costs and expenses incurred by the Association for administering and maintaining the Cost Center, obtaining and maintaining insurance coverage related to the Cost Center, providing utility service to the Cost Center and funding reasonable reserves for the repair or replacement of the Cost Center. The Association shall provide for a separate accounting for the funds which are collected and expended on behalf of a Cost Center. The Association shall also provide for a reserve study and the annual review and disclosure of the reserves applicable to a Cost Center to the same extent required for the other budgetary components.

6.11.3 **Other Community Assessments.** Special Assessments and Capital Improvement Assessments shall be allocated in the same manner as Regular Assessments. Enforcement Assessments shall be levied directly to the individual Residential Lots, in a manner consistent with the provisions of **Section 6.6**.

6.12 **Date of Commencement of Regular Assessments; Due Dates.** Except for Model Home Lots in a Model Home Phase, the Regular Assessments provided for herein shall commence as to all Residential Lots in a Phase subject to this Declaration on the first day of the month following the conveyance of the first Residential Lot within such Phase to an Owner under authority of a Public Report. As to any Additional Property which is thereafter annexed into the Community pursuant to a Supplementary Declaration, the Regular Assessments shall commence as to all of the Residential Lots within such Phase upon the first day of the first month following the closing of the sale of the first Residential Lot in such Phase or such earlier date as may be selected by Declarant for the commencement of assessments in such Phase. In no event shall any sale or leaseback to Declarant of any Residential Lot in the Community being used as a model home, sales office, design center, construction office or similar purpose (collectively, a "**Model Home**") and which are not occupied by a homeowner cause the commencement of assessments in a Phase for which assessments have not otherwise commenced through a sale of a Residential Lot in such a Phase to an Owner who will occupy such Residential Lot. Notwithstanding the foregoing, Declarant may elect to commence to pay Regular Assessments on a Phase prior to the conveyance in such Phase to an Owner under a Public Report and, in such case, Declarant shall have the voting rights as to the Residential Lots in such Phase pursuant to **Section 5.2**.

6.12.1 **Model Homes.** Assessments shall commence against the Model Homes on the first day of the first month following the conveyance of the first Residential Lot to an Owner under authority of a Public Report in the last Phase of the Community shown in the Budget submitted to and reviewed by the DRE; provided, however, if at any time prior to such conveyance, a Model Home is no longer used for Model Home Purposes, then assessments, including Regular Assessments, shall commence against all the Model Homes on the first day of the first month following the date that a Model Home is no longer used for Model Home Purposes. If the Model Home ceases to be used for Model Home Purposes prior to the conveyance of the first Residential Lot in the last Phase of the Community, then Declarant shall provide notice to the Association and the Association shall make appropriate adjustments to the Budget for the Community which is submitted to and reviewed by the DRE as may be required to reflect the commencement of assessments for the Model Homes.

6.13 **Notice And Assessment Installment Due Dates.** A single ten (10) day prior written notice of each Special Assessment and Capital Improvement Assessment shall be given to each Owner. The due dates for the payment of installments normally shall be the first day of each month unless some other due date is established by the Board. Each installment of Regular Assessments, Special Assessments and Capital Improvement Assessments shall become delinquent if not paid within fifteen (15) days after its due date. There shall accrue with each delinquent installment a late charge, interest charge to be set by the Board and reasonable costs of collection, including attorneys' fees, but which shall not, in any event, exceed the maximum rates permitted under California Civil Code Section 1366.

6.14 **Estoppel Certificate.** The Association, on not less than ten (10) days prior written request shall execute, acknowledge and deliver to the party making such request a statement in writing stating whether or not to the knowledge of the Association, a particular Owner is in default as to such