

may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and its Members.

Section 7. Rights and Duties of Owners to Insure. Nothing herein shall preclude any Owner from carrying any casualty and fire insurance for his Residence and all personal property within his Residence, and/or public liability insurance as he may deem desirable to cover his individual liability for damage to person or property occurring inside his individual Lot or elsewhere upon the Project. Each Owner hereby acknowledges and agrees that the Association does not maintain any property or liability insurance for an Owner's Lot. If obtainable, any liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Association, the Board, their agents and employees, and all other Owners. Such other policies shall not adversely affect or diminish any liability under insurance obtained by the Association. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 8. Trustee for Policies. The Association is hereby appointed and shall be deemed trustee for the interests of all insureds under the policies of insurance maintained by the Association. All insurance proceeds under such policies shall be paid to the Board, as trustees, and the Board shall have full power to receive such funds on behalf of the Association, the Owners and their respective Mortgagees, and to deal therewith as provided for in this Declaration.

Section 9. Mortgage Clause. All insurance policies should have the "standard mortgage clause," or equivalent endorsement, providing that coverage of a Mortgagee under the insurance policy will not be adversely affected or diminished by an act or neglect of the Mortgagor, which is commonly accepted by private institutional mortgage investors in the area in which the Project is located, unless such coverage is prohibited by applicable law. Mortgages owned by FNMA must name as a Mortgagee either FNMA or the servicers for the Mortgages held by FNMA encumbering the Residences. When a servicer is named as the Mortgagee, its name should be followed by the phrase "its successors and assigns." If the Mortgage is owned in whole by FHLMC, the name of the servicer of the Mortgage followed by the phrase "its successors and assigns, beneficiary" should be named as Mortgagee instead of FHLMC. The mortgage clause should be endorsed to fully protect FHLMC's interests or the interest of FHLMC and the servicer where applicable. If FHLMC must be named as Mortgagee, the endorsement should show the servicer's address in lieu of FHLMC's

address. A mortgage clause in favor of Mortgagees holding Mortgages on Residences is not required on a policy insuring the Common Area.

Section 10. Compliance With Requirements of FHLMC, FNMA and VA/FHA. Notwithstanding the provisions of this Article, the Association shall obtain and maintain in effect such policies of insurance meeting all requirements of FHLMC, FNMA, and VA/FHA established by those entities for planned development projects for so long as any of such agencies continue to be a Mortgagee, Owner, insurer or guarantor of a Mortgage in the Project, except to the extent such coverage is not available or has been waived, in writing, by such agencies.

Section 11. Required Waiver. All policies of hazard and physical damage insurance may provide, only if available at a reasonable cost to the Association as determined by the Board, in its sole discretion, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- (a) Any defense based on co-insurance;
- (b) Any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (c) Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect or omission of any named insured, or the respective agents, contractors and employees of any insured;
- (d) If applicable, any right of the insurer to repair, rebuild or replace, and, in the event the Residence is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured or the fair market value thereof;
- (e) If applicable, notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; and
- (f) Any right to require any assignment of any Mortgage to the insurer.

Section 12. Annual Notification of Insurance. The Association shall, upon issuance or renewal of insurance, but not less than annually, notify its Members as to the amount and type of insurance carried by the Association, and it shall accompany this notification with statements to the effect that the

Association is or is not insured to the levels specified by this Article, and that if not so insured, Owners may be individually liable for the entire amount of a judgment, and if the Association is insured to the levels specified in Section 1 above, then Owners may be individually liable only for their proportional share of Assessments levied to pay the amount of any judgment which exceeds the limits of the Association's insurance. The Association shall further prepare and distribute to all its Members a summary of the Association's insurance coverage pursuant to Section 1365 of the California Civil Code, as same may be amended from time to time.

ARTICLE XVI

MORTGAGEE PROTECTION

Section 1. Mortgagee Protection Provisions.

Notwithstanding any other provisions in this Declaration to the contrary, in order to induce FHLMC, FNMA, and VA/FHA and other lenders and investors, to participate in the financing of the sale of Lots in the Project, the following provisions contained within this Article are added hereto, and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control. This Declaration, the Articles and the By-Laws for the Association are hereinafter collectively referred to in this Article as the "constituent documents."

(a) The right of an Owner to sell, transfer or otherwise convey his or her Lot shall not be subject to any right of first refusal or any similar restriction in favor of the Association;

(b) The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter recorded upon any Lot. The sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage or pursuant to any remedies provided for in the Mortgage shall extinguish the lien of such Assessments as to payments which became due prior thereto. No sale or transfer shall relieve such Lot from liability for Assessments due thereafter. Any first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or any purchaser at a foreclosure sale of a first Mortgage will not be liable for unpaid Assessments or charges which accrue prior to the acquisition of title to such Lot by the Mortgagee (except for claims for a share of such Assessments or charges resulting from a reallocation of such Assessments or charges to all Lots, including the mortgaged Lot);

(c) Except as provided by statute in case of condemnation or substantial loss to the Lots and/or Common Area, unless sixty-seven percent (67%) of the, Owners other than Declarant, or sixty-seven percent (67%) of the first Mortgagees (based upon one [1] vote for each Lot encumbered by said Mortgagee's first Mortgage) have given their prior written approval, neither the Association nor the Owners shall be entitled to:

(1) Change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner's Lot;

(2) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the Common Area. The granting of easements for public utilities or for other purposes consistent with the intended uses of the Common Area or the residential nature of the Project, shall not be deemed a transfer within the meaning of this clause;

(3) Use hazard insurance proceeds for losses to the Common Area for other than repair, replacement or reconstruction;

(4) Effect any decision of the Association to terminate professional management and assume self-management of the Project, where such professional management was previously a requirement by a holder, insurer or guarantor of any first Mortgage;

(5) By act or omission, change, waive or abandon any provisions of this Declaration, or enforcement thereof, pertaining to architectural design of the Residences situated on a Lot or the maintenance and operation of the Common Area within the Project, including, without limitation, fences and landscaping within the Project;

(6) Fail to maintain fire and extended coverage on the insurable Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value thereof; and

(7) Abandon or terminate the Association, except for abandonment, partition or termination as may be provided by law.

(d) All taxes, Assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to individual Lots, and not to the Project as a whole;

(e) No provision of the constituent documents shall be interpreted to give any Owner or any other party priority over any rights of the first Mortgagee in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of all or any portion of the Common Area or such Owner's Lot;

(f) The Assessments provided for in the constituent documents shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Common Area that must be replaced on a periodic basis, and shall be payable in regular installments, rather than by Special Assessments;

(g) Each holder, insurer or guarantor of a first Mortgage who has filed with the Association a written request for notice shall be entitled to timely written notice of:

(1) Any condemnation or eminent domain proceeding, and any loss or taking resulting from such proceeding which affects the Project, or any portion thereof;

(2) Any substantial damage or destruction to the Project, or any portion thereof, when such loss exceeds Ten Thousand Dollars (\$10,000.00);

(3) Any default in the performance by an individual Owner of any obligation under the constituent documents which is not cured within sixty (60) days after the Association learns of such default, which notice shall state the length of time which such Owner has been delinquent;

(4) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(5) Any abandonment or termination of the Project; and

(6) Any proposed action that requires the consent of a specified percentage of eligible Mortgagees.

(h) Any agreement for professional management of the Project, or any contract providing for services of the Declarant, may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. Any such agreement must provide for termination by either party with or without cause and without payment of a termination

fee on thirty (30) days' or ninety (90) days' or less, respectively, prior written notice;

(i) First Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may have become a lien on the Common Area, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Upon demand by any first Mortgagee, the Board shall execute, on behalf of the Association, an agreement establishing the right of all first Mortgagees to such reimbursement;

(j) A first Mortgagee of a Lot in the Project will, upon request, be entitled to:

(1) Examine the books and records of the Association during normal business hours;

(2) An audited financial statement from the Association for the previous fiscal year (without expense to the holder, insurer or guarantor requesting said statement), however, if an audited financial statement is not available and until such time as the Project contains fifty (50) Lots, any Mortgage holder may be allowed to have an audited financial statement prepared, at its own expense; and

(3) Receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

(k) Each Owner shall notify the Association in writing within ten (10) days after the close of escrow for the purchase of his Lot of the name and address of his first Mortgagee, and thereafter, each Owner shall promptly notify the Association of any changes of name or address for his first Mortgagee;

(l) If any Lot (or portion thereof) or the Common Area (or portion thereof) is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first Mortgage on such Lot will be entitled to timely written notice of any such proceeding or proposed acquisition; and

(m) Subject to the provisions set forth herein, in the event any portion of the Common Area encroaches upon any Lot or any Lot encroaches upon the Common Area as a result of the construction and/or reconstruction or repair

by Declarant, shifting, settlement or movement of any portion of the Project, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 2. Violation of Mortgagee Protection Provisions. No breach of any of the foregoing Protective Covenants shall cause any forfeiture of title or reversion or bestow any right of re-entry whatsoever, but in the event that any one or more of these Protective Covenants shall be violated, the Declarant, its successors and assigns, the Association, or any Owner in the Project may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation and/or to recover damages; provided, however, that any such violation shall not defeat or render invalid the lien of any Mortgage or deed of trust made in good faith and for value. Said Protective Covenants shall be binding upon and effective against any Owner whose title is acquired by foreclosure, trustee sale or otherwise.

Section 3. Amendments to Conform With Mortgagee Requirements. It is the intent of Declarant that this Declaration and the Articles and By-Laws of the Association, and the Project in general, meet all requirements necessary to purchase, guarantee, insure or subsidize any Mortgage of a Lot in the Project by the FHLMC, FNMA and the VA/FHA. In furtherance of said intent, Declarant may amend this Declaration without the consent of the Members at any time after the close of escrow for the first sale of a Lot in the Project by recording a written instrument setting forth the amendment, provided that the amendment is necessary to cause this Declaration to comply with the requirements of the BRE, FHLMC, FNMA, GNMA and/or VA/FHA; provided, however, that any such amendment shall be effective only if Declarant mails (by certified or registered mail with a "return receipt" requested) a copy of the amendment to all of the foregoing entities which are, or have agreed to be, a holder, insurer or guarantor of a first Mortgage, and does not, within sixty (60) days thereafter, receive a notice of disapproval from any such entity. Said amendments shall not be recorded by Declarant until after the expiration of such sixty (60) day period.

ARTICLE XVII

ENFORCEMENT OF BONDED OBLIGATIONS

Section 1. Enforcement of Bonded Obligations. In the event that the improvements of the Common Area have not been completed prior to the first close of escrow for a Lot following the issuance of a Final Subdivision Public Report by the BRE, and the Association is obliged under a bond or other arrangement (hereinafter referred to as the "Bond") to secure performance of

the commitment of Declarant to complete such improvements, the following provisions shall apply:

(a) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvements for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for such improvements in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

(b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the By-Laws dealing with meetings of the Members, but in any event, such meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) of the total voting power of the Association.

(c) The only Members entitled to vote at such meeting of Members shall be the Owners, other than Declarant. A vote at such meeting of a majority of the voting power of such Members, other than the Declarant, to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XVIII

ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to and become subject to this Declaration as set forth in this Article.

Section 1. Annexation Pursuant to General Plan. All or any part of the real property described as Annexation Property herein, may be annexed to the Project, and added to the scheme of this Declaration, and subjected to the jurisdiction of the Association without the assent of the Association or its Members, provided and on condition that:

(a) Any annexation pursuant to this Section shall be allowed when the proposed annexation is in substantial conformance with the overall general plan of development for the Project originally submitted to and approved by the BRE with the Phase 1 Final Subdivision Public Report application, or as subsequently approved by the BRE; and

(b) A Notice of Annexation, as described in Section 3 of this Article, shall be recorded covering the Annexation Property.

Section 2. Annexation Pursuant to Approval. Upon obtaining the approval in writing of the Association pursuant to the vote or written assent of sixty-seven percent (67%) of the total voting power of Association Members, the owner of any property who desires to annex said property to the scheme of this Declaration and to subject it to the jurisdiction of the Association may file of record a Notice of Annexation, as described in Section 2 of this Article.

Section 3. Notice of Annexation. The annexation of additional property authorized under this Article shall be made in filing of record a Notice of Annexation, or similar instrument, covering said additional property, and the Notice of Annexation shall expressly provide that the scheme of this Declaration shall extend to such additional property. The Notice of Annexation may contain such complementary additions to and modifications of the Protective Covenants set forth in this Declaration which are necessary to reflect the different character, if any, of the annexed property, including, but not limited to, marketing and selling vacant Lots, the architectural guidelines for any construction thereon, maintenance responsibilities between the Association and the Owners in this annexed property and payment of Assessments, and which are fair, reasonable, and appropriate, and are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Notice of Annexation shall add, delete, revoke, modify or otherwise alter the Protective Covenants set forth in this Declaration. A notice of annexation may annex solely Common Area so long as such annexation would not violate the provisions in this Declaration regarding increases in Regular Assessments and is approved by the BRE.

Section 4. Right of De-Annexation. Declarant hereby reserves the right to delete all or any portions of any property which may be annexed to the Project pursuant to this Declaration, and to delete said property from the scheme of this Declaration and from the jurisdiction of the Association, provided and on condition that (i) the de-annexation shall be made prior to the first close of an escrow for the sale of a Residence in the property to be de-annexed, (2) the de-annexation is recorded in the same manner as the applicable Notice of Annexation, (3) the Declarant has not exercised any vote with respect to any

Residence in such property, and (4) no Assessments have commenced on any portion of the property subject to the de-annexation, (5) the County has approved of such de-annexation; and (6) a draft of the revocation of Notice of Annexation has been submitted to and approved by VA/FHA, if applicable, and the VA/FHA is a guarantor of at least on loan in the Project.

ARTICLE XIX

GENERAL PROVISIONS

Section 1. Enforcement.

(a) Enforcement Rights. The County, the Association, and/or the Owner of any Lot in the Project, including the Declarant, shall have the right, but not the obligation, to enforce, by proceedings at law or in equity, any or all of the covenants imposed by this Declaration, as well as the Water Quality Management Plans, including, without limitation, the right to prosecute a proceeding, at law or in equity, against the person or persons who have violated, or are attempting to violate, any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied and/or to recover damages for said violation. In accordance with any applicable ordinance of the County, the County may be allowed to maintain the Lots and place a special assessment on the tax bills of the individual Lot Owners in the event said Owners fail to maintain said Lots in accordance with the provisions of this Declaration.

(b) Violation of Covenant Deemed Nuisance. The result of every act or omission whereby any of the covenants contained in this Declaration are violated, in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by the County or by any Owner, including the Declarant, or by such Owner's successors in interest.

(c) Remedies Are Cumulative. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) Failure to Enforce Covenants. The failure of the County, the Association, or any Owner, including the Declarant, to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

(e) Effect of Breach on Mortgagees. A breach of the covenants contained in this Declaration shall not affect or impair the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on any Lot; provided, however, that any subsequent Owner of such Lot shall be bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale or otherwise.

(f) Fines. Each Owner agrees, by the acceptance of his deed, that recovery of damages at law for any breach of the provisions of this Declaration would not be an adequate remedy. In order to encourage compliance, deter non-compliance, and enable the effective enforcement of this Declaration, the Declarant (so long as Declarant owns any Lot within the Project) and/or the Association is authorized to establish and collect fines and penalties, in addition to any fines and penalties which may be imposed by the County pursuant to the appropriate authority of applicable municipal codes, for the breach of any provision of this Declaration which is not cured or which reoccurs after the violating Owner has received written notification of said violation. The fines and penalties shall be determined by taking into account the: (1) violation, (2) desirability of deterring future violations, (3) the expense related to alternative legal action, and (4) all other reasonable related factors.

(g) Prefiling Requirements. Prior to filing a civil action by an Owner solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim related to the enforcement of this Declaration, the parties may be required to comply with Civil Code Section 1369.510 et seq., if applicable. Failure to comply with the prefiling requirements of Section 1369.510 et seq. of the Civil Code may result in the loss of the right to sue regarding enforcement of the applicable management documents. Upon motion by any party for attorneys' fees and costs as the prevailing party, the court, in determining the amount of the award, may consider a party's refusal to participate in alternative dispute resolution prior to the filing of the action.

(h) Penalties. The Board, for and on behalf of the Association, may assess monetary penalties against an Owner as a Compliance Assessment and/or temporarily suspend said Owner's voting rights for the period during which any Assessment against said Owner's Lot remains unpaid; provided, however, the requirements for Notice and Hearing set forth in the By-Laws shall be followed with respect to the accused Owner before a decision to impose discipline is reached.

(i) Suspension. The Board, for and on behalf of the Association, may, after Notice and Hearing, temporarily suspend an Owner's voting rights for a period not to exceed thirty (30) days for any infraction of the Association's published Rules and Regulations; provided, however, the requirements for Notice and Hearing set forth in the By-Laws shall be followed with respect to the accused Owner before a decision to impose discipline is reached.

Section 2. Severability. Invalidation of any one of these Protective Covenants by judgment or court order shall in no way affect any other provisions hereof, which shall remain in full force and effect.

Section 3. Term. The Protective Covenants set forth in this Declaration shall run with and bind the Project, and shall inure to the benefit of the Association and be enforceable by the Board or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said Protective Covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners agreeing to terminate said Protective Covenants, in whole or in part, has been recorded within one (1) year prior to the termination of the initial sixty (60) year term, or within one (1) year prior to the termination of any successive ten (10) year period.

Section 4. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and maintenance of the Project. The Article and Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5. Singular Includes Plural. Whenever the context of this Declaration may so require, the singular shall include the plural, and the masculine shall include the feminine and neuter.

Section 6. Covenants Running With the Land. Each of the Covenants provided for in 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 Lots, and superior to all other encumbrances applied against or in favor of any portion of the Project which are the subject of this Declaration. In furtherance of the easements provided for in this Declaration, the individual grant deeds to the Lots may, but shall not be required to, set forth said easements.

Section 7. Amendments.

(a) Amendments by Declarant. Prior to the close of escrow for the sale of a Lot to a member of the public, in accordance with a Final Subdivision Public Report issued by the BRE, this Declaration may be amended, restated or terminated by an instrument executed by Declarant. Notwithstanding any other provisions of this Declaration, for so long as Declarant owns any portion of Tract No. 30238, Declarant may unilaterally amend this Declaration to (i) conform this Declaration to the requirements of VA/FHA, BRE, FNMA, FHLMC, GNMA, the County, State or Federal laws or regulations or any other governmental agency or entity then in effect, (ii) correct typographical or inadvertent errors in the Declaration and/or Exhibits attached thereto or supplement the Exhibits, (iii) record any maintenance standards and/or obligations of the Association and Owners, (iv) supplement this Declaration with provisions which pertain to rights and obligations of Declarant, the Association or Owners arising under Division 2, Part 2, Title 7 (commencing with Section 895) of the California Civil Code, and (vi) comply with any County, State or Federal laws, regulations, demands or requests.

(b) Amendments by Association. Except as otherwise provided herein (e.g., Section [a] above), and all applicable provisions of law (e.g., the provisions of California Civil Code Section 1363.03 regarding secret ballots), this Declaration may be amended only by an affirmative vote of Owners representing not less than sixty-seven percent (67%) of the Class A voting power and the Class B voting power of the Association. At such time when the Class B membership shall cease and be converted to Class A membership, any and all amendments to this Declaration shall be enacted by requiring the vote or written assent of Owners representing both: (a) sixty-seven percent (67%) of the total voting power of the Association, and (b) sixty-seven percent (67%) of the votes of Members, other than the Declarant; provided, however, that the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision, and no amendment of a provision of this Declaration which requires the approval or consent of Declarant may be made without the written approval of Declarant (e.g., provisions pertaining to the resolution of Disputes, Maintenance Guidelines, Maintenance Manual, Maintenance Recommendations, etc.). Any Owner or the Association may petition the Superior Court of the County for an order reducing the necessary percentage required under this Section to amend this Declaration; provided, however, that under no circumstances shall any provision requiring the consent of

the Declarant be amended without such consent. The procedure for effecting this petition is set forth in Section 1356 of the California Civil Code, as the same may be amended, from time to time.

(c) Approval of Mortgagees. In addition to the rights of first Mortgagees, as set forth in the Article herein entitled "Mortgagee Protection," in the event that FNMA, VA/FHA participates in the financing of Lots in the Project, the written consent of not less than fifty-one percent (51%) of the first Mortgagees shall be required for any amendment of a "material" nature. An amendment which affects or purports to affect any of the following is considered material:

(1) The legal status of the Project as a planned development;

(2) Voting rights;

(3) Increases in Assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens or the priority of assessment liens, including the levy and collection thereof, enforcement provisions for nonpayment and subordination of liens for nonpayment;

(4) Reduction in reserves for maintenance, repair and replacement of Common Area;

(5) Responsibility for Common Area maintenance and repair;

(6) Reallocation of interests in the Common Area or rights to use the Common Area;

(7) Boundaries of any Lot;

(8) Convertibility of Common Area into Lots or Lots into Common Area;

(9) Expansion or contraction of the Project, or addition, annexation or de-annexation of additional property to or from the Project;

(10) Insurance or fidelity bonds requirements;

(11) Restrictions on the leasing of Lots;

(12) Restrictions on alienation, including, but not limited to, rights of first refusal;

(13) Any decision by the Association to establish self-management, if professional management was previously required by an eligible first Mortgagee or legal documents governing the Project;

(14) Restoration or repair of the Project in a manner other than as specified in this Declaration;

(15) Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs; and

(16) Mortgagee protection provisions as set forth in that Article hereinabove entitled "Mortgagee Protection," and such other provisions in this Declaration for which the consent of Mortgagees shall be required or which are expressly for the benefit of Mortgagees, insurers or guarantors of Mortgages.

An addition or amendment to this Declaration shall not be considered material if it is for the purpose of correcting technical errors or for clarification only. In the event the Association is considering termination of the legal status of the Project for reasons other than the substantial destruction or condemnation of the Project, then sixty-seven percent (67%) of the first Mortgagees must agree to said termination. Notwithstanding the foregoing, in the event any first Mortgagee receives a written request, delivered by certified or registered mail with return receipt requested, from the Board to approve any amendment to this Declaration, and such first Mortgagee does not deliver a negative response in writing to the Board within sixty (60) days of the mailing of such request by the Board, such first Mortgagee shall be deemed to have approved such proposed amendment.

(d) Approval by County. Notwithstanding any other provisions of this Article, no amendment in which the Association relinquishes its maintenance obligations under this Declaration, no amendment of a provision affecting the rights of the County and no action by Declarant or the Association terminating this Declaration shall be effective without the prior written consent of the County. The Declarant or the Association shall forward, or cause to be forwarded, to the County a written notice of any such amendment or termination. Notwithstanding the foregoing, in the event the County receives a written request, delivered by certified or registered mail with return receipt requested, from the Board to approve any amendment to this Declaration, and the County does not deliver a negative response in writing to the Board within sixty (60) days of the mailing of such request by the Board, the County shall be deemed to have approved such proposed amendment. Any purported

amendment or modification of this Declaration that has not been so approved by the County shall be null and void.

(e) Recordation of Amendments. An amendment made in accordance with the provisions set forth hereinabove, except any amendment pursuant to paragraph (a), shall be effective when executed by the President and Secretary of the Association, who shall certify that the amendment has been approved by the membership and, where appropriate, by the first Mortgages, in the percentages set forth hereinabove, and recorded in the Office of the County Recorder. Upon such recordation, the amendment shall be effective and binding upon all Owners and all Mortgagees, regardless of whether such Owner or such Mortgagee consented to such amendment.

Section 8. Encroachments. None of the rights and obligations of the Owners created herein or by the deed shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful conduct of said Owner.

Section 9. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by first-class, registered or certified mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Association. If such notice is not sent by first-class, registered or certified mail, it shall be deemed to have been delivered when received. Such address may be changed, from time to time, by notice in writing to the Association.

Section 10. Attorneys' Fees. Except as otherwise provided herein (e.g., resolution of Disputes whereby each party is responsible for payment of his attorney fees, without the right to reimbursement from the other party and notwithstanding which party may be the "prevailing party"), or in the Limited Warranty, in the event the Board, Association, or any Owner of a Lot shall commence legal proceedings against the Owner of any other Lot to enforce the covenants of this Declaration, or to declare rights hereunder as the result of any breach, or claim of breach, of said covenants, the prevailing party shall recover the cost of the suit, arbitration, or other alternative dispute resolution, in addition to its costs of suit, including reasonable attorneys' fees, as may be fixed by the court. In addition, if any Owner defaults in making a payment of

Assessments, and the Association has obtained the services of an attorney in connection therewith, the Owner covenants and agrees to pay to the Association any costs or fees incurred, including reasonable attorneys' fees, regardless of whether dispute resolution proceedings are instituted.

Section 11. Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, the Association's properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the Protective Covenants established by this Declaration governing the Project, together with the covenants and restrictions established upon any other property as one plan.

Section 12. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant, or its agents or employees, in connection with the Project, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Declaration, and except as may be filed by Declarant, from time to time, with the BRE.

Section 13. Project Disclosures. The following disclosures are made to facilitate each Owner's investigation of the Project prior to purchasing a Lot in the Project. **The disclosures are not exhaustive, and no warranty or representation of any kind or nature is made in connection with the disclosures.** The information set forth in the disclosures may change over time. By acceptance of a deed to a Lot in the Project, each Owner acknowledges and agrees that such Owner is responsible for investigating all matters of interest to such Owner prior to completing the purchase of a Lot in the Project.

(a) Conditions of Approval. The Project is subject to all terms and conditions set forth in the County's conditions for the approval of the tentative tract map for, and development of, the Project. Neither this Declaration nor any contract of sale, lease, or other written document or any means or method shall be established, or shall attempt to establish, any requirement, restriction, or limitation on the Declarant, or any person, individual or entity, which would operate, directly or indirectly, to prevent or preclude any other developers of the Property or Project, or any person, individual, or entity, in complying with all applicable provisions of the

tentative map approved by the County and other County ordinances, rules, policies, or regulations.

(b) Flood Control Channel. The Project is located next to a flood control channel. Owners and other residents of the Project may experience, and/or be exposed to, potential flooding, unpleasant odors, noise, bright lights, wildlife (e.g., skunks, possums, coyotes, etc.), insects (including, without limitation, mosquitoes and other insects that carry communicable diseases such as West Nile Virus), and other adverse impacts relating to the maintenance and operation of the flood control channel. Declarant has no control over these matters. Declarant makes no warranties or representations of any kind or nature concerning the structural integrity, capacity, maintenance, vector control measures, or any other matter pertaining to the maintenance or operation of the flood control channel.

(c) Right to Farm. The Project is located within one mile of real property currently used for agricultural purposes. Declarant is providing the following notice pursuant to state law:

MANDATORY NOTICE:

NOTICE OF RIGHT TO FARM

This property is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map," issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the property may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides, and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. **Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.**

(d) NOTICE OF AIRPORT IN VICINITY. The Project is presently located in the vicinity of one or more airports (e.g., March Air Reserve Base and March Inland Port, San Bernardino International Airport, Ontario International Airport, etc.). Although the Project is not currently located within what is known as an airport influence area (i.e., an area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission), the Project may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. Each Owner may wish to, and should consider what airport annoyances, if any, are associated with the Project before an Owner completes his/her purchase of a Lot in the Project and determine whether such a location and airport annoyances are acceptable.

(e) Prior Use of Project Site. As a consequence of the prior usage of the Project site, manure, pesticides, chemicals, pathogens, and other substances may be present in the soil and/or groundwater. Soil and groundwater should not be ingested. Declarant makes no warranties or representations regarding the prior usage of the Project site or the soil or groundwater. Each Owner is responsible for investigating this matter to the Owner's full and complete satisfaction prior to completing the purchase of a Lot in the Project.

(f) Power Poles and Lines. Underground and overhead electric transmission and distribution lines and transformers are located in and around the Project. Power lines and transformers produce low-frequency electromagnetic fields ("ELF-EMF") when operating. Declarant makes no warranties or representations regarding any powers poles or lines, including, without limitation, any warranties or representations regarding the operation, maintenance, or safety of, or the risks or hazards associated with, such power poles and lines. Each Owner is responsible for investigating this matter to the Owner's satisfaction prior to completing the purchase of a Lot in the Project.

(g) Landscaping and Lighting Maintenance District. As required by the County, the Project shall be annexed into Landscaping and Lighting Maintenance District No. 89-1-Consolidated and/or any other maintenance district approved by the County's Transportation Department for the maintenance of streetlights and street sweeping. As a consequence, each Lot in the Project will be subject to the payment of special assessments and/or fees, in addition to

other property taxes. Although Declarant may provide each Owner with certain information regarding such district, each Owner is responsible for independently investigating the same to the Owner's full and complete satisfaction prior to completing the purchase of a Lot in the Project.

(h) Waiver. Each Owner, for and on behalf of himself and the members of his family, his tenants, lessees, guests and invitees, expressly approve all of the foregoing conditions and risks, and waives all causes of action and covenants not to sue the County, the Declarant, and their respective directors, officers, members, employees, agents and consultants for any damages or injuries which may arise from or relate to any of such conditions and/or risks.

Section 14. Conflicts in Management Documents For the Project. In the event of any conflict between and/or among the provisions of any of the management documents for the Project, the Declaration shall be deemed to supersede the provisions of any conflicting management documents, including, without limitation, the By-Laws, architectural standards, if any, and the Rules and Regulations, if any.

Section 15. Davis-Stirling Act. Notwithstanding the provisions set forth in this Declaration, various laws (including, but not limited to, the Davis-Stirling Common Interest Development Act, Sections 1350, et seq., of the California Civil Code, and the Federal Fair Housing Act, Title 42 United States Code, Sections 3601, et seq., as such laws may be amended, from time to time), may supplement or override the provisions of this Declaration. This Declaration shall be interpreted and construed to be consistent with such applicable laws, as same may be amended, from time to time, and, accordingly, in addition to the provisions set forth above, Declarant makes no representations or warranties regarding the future enforceability of the provisions of this Declaration.

Section 16. Exhibits. Each and every Exhibit referenced herein and attached to this Declaration is incorporated herein by this reference as if set forth herein in full; provided, however, that any sample form of Limited Warranty (if any) set forth in Exhibit "C" hereto is provided for illustrative purposes only and is not incorporated herein by reference. All depictions in such Exhibits are for illustrative purposes only and the "as-built" condition by Declarant shall be controlling.

Section 17. Maintenance Standards. The Association and each Owner shall maintain everything he/she/it/they is/are obligated to maintain in a manner consistent with the provisions herein and in the Declaration and in conformance with any "Maintenance Recommendations/Schedules" (i.e., procedures, standards, and/or schedules for the maintenance and operation

which may be provided to said Owner and/or the Association by Declarant, as such procedures, standards, and/or schedules may be updated and revised as appropriate), product manufacturers' recommendations and guidelines, and commonly accepted maintenance standards. Unless otherwise provided in such Maintenance Recommendations/Schedules, product manufacturers' recommendations and guidelines, or in this Declaration, each Owner and the Association, as applicable, shall determine the level and frequency of maintenance. The Board shall provide to Declarant, for a period of ten (10) years following the last close of escrow for a Lot, and within thirty (30) days after the Association's receipt of a written request therefor from the Declarant, the report noted in the Declaration (if such report is prepared).

Section 18. Declarant's Representative. Commencing on the date on which Declarant no longer has an elected representative on the Board, and continuing until the date that is ten (10) years after the date of the last close of escrow in the Project, the Declarant shall be entitled to access (in real time) any website maintained by the Association or its property manager for the Project and to view all documents posted on the website, shall be entitled to inspect and copy the Association's books and records, including, without limitation, maintenance records, on the same terms and conditions as a Member, and shall be entitled to have a representative ("Declarant's Representative") present at all meetings of the Members and the Board, except when the Board adjourns to executive session to consider litigation, matters that relate to the formation of contracts with third parties, Member discipline, or personnel matters, or to meet with a Member, upon the Member's request, regarding the Member's payment of assessments. For so long as Declarant's Representative is entitled to attend such meetings, the Association and/or Members, as appropriate, shall provide Declarant with written notice of all meetings of the Board as if Declarant were an Owner/Member, and the Association shall provide Declarant's Representative with the proposed minutes and approved minutes of the meetings of Owners, the Board and committees. The Declarant's Representative shall be present in an advisory capacity only and shall not be a Board member or have any right to vote on matters coming before the Board or any liability as a Board member. However, the Declarant's Representative shall have the right to speak at all meetings, and the Secretary shall accurately note any statements made by the Declarant in the minutes of the meetings. This Section may not be amended without the prior written approval of the Declarant, which approval may be withheld in Declarant's sole and absolute discretion.

Section 19. County Requirements. The County has required the following provisions to be included in this Declaration:

"Notwithstanding any provision in this Declaration to the contrary, the following provisions shall apply:

The property owners' association established herein shall manage and continuously maintain the "Common Area" and improvements described on Exhibit "A" attached hereto and incorporated by this reference, and the Owners shall not sell or transfer the "Common Area" or any part thereof, absent the prior written consent of the Planning Department of the County of Riverside or the County's successor-in-interest.

The property owners' association shall have the right to assess the Owners of each individual Lot for the reasonable cost of maintaining such "Common Area", and shall have the right to lien the property of any such Owner who defaults in the payment of a maintenance assessment. An assessment lien, once created, shall be prior to all other liens recorded subsequent to the notice of assessment or other document creating the assessment lien.

This Declaration shall not be terminated, 'substantially' amended, or property deannexed therefrom absent the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest. A proposed amendment shall be considered 'substantial' if it affects the extent, usage or maintenance of the "Common Area" established pursuant to the Declaration.

In the event of any conflict between this Declaration and the Articles of Incorporation, the Bylaws, or the property owners' association Rules and Regulations, if any, this Declaration shall control."

Signatures follow on next page

IN WITNESS WHEREOF, Declarant has executed this instrument on the day and year first above written.

"DECLARANT"

Ponderosa Lane Estates, LLC, a
Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

STATE OF CALIFORNIA)
)
COUNTY OF)

On _____, 201___, before me, _____,
Notary Public, personally appeared _____ and
_____, who proved to me on the basis of satisfac-
tory evidence to be the persons whose names are subscribed to the
within instrument and acknowledged to me that they executed the
same in their authorized capacities, and that by their signatures
on the instrument, the persons or the entities upon behalf of
which the persons 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.

Signature of Notary Public

See attached

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Bernardino }

On Sep 30, 2014 before me, Lisa Schafer, Notary Public
Date Here Insert Name and Title of the Officer

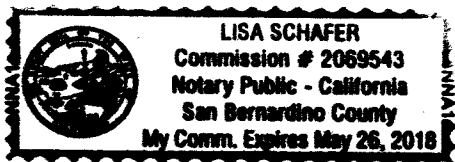
personally appeared Jeffrey S. Burum
Name(s) of Signer(s)

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.

Signature Lisa Schafer
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer's Name: _____

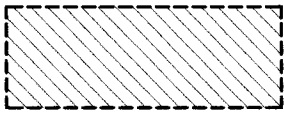
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

EXHIBIT "A" ASSOCIATION MAINTENANCE AREAS TRACT 30238



HOA MAINTAINED AREA



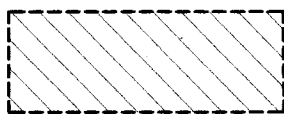
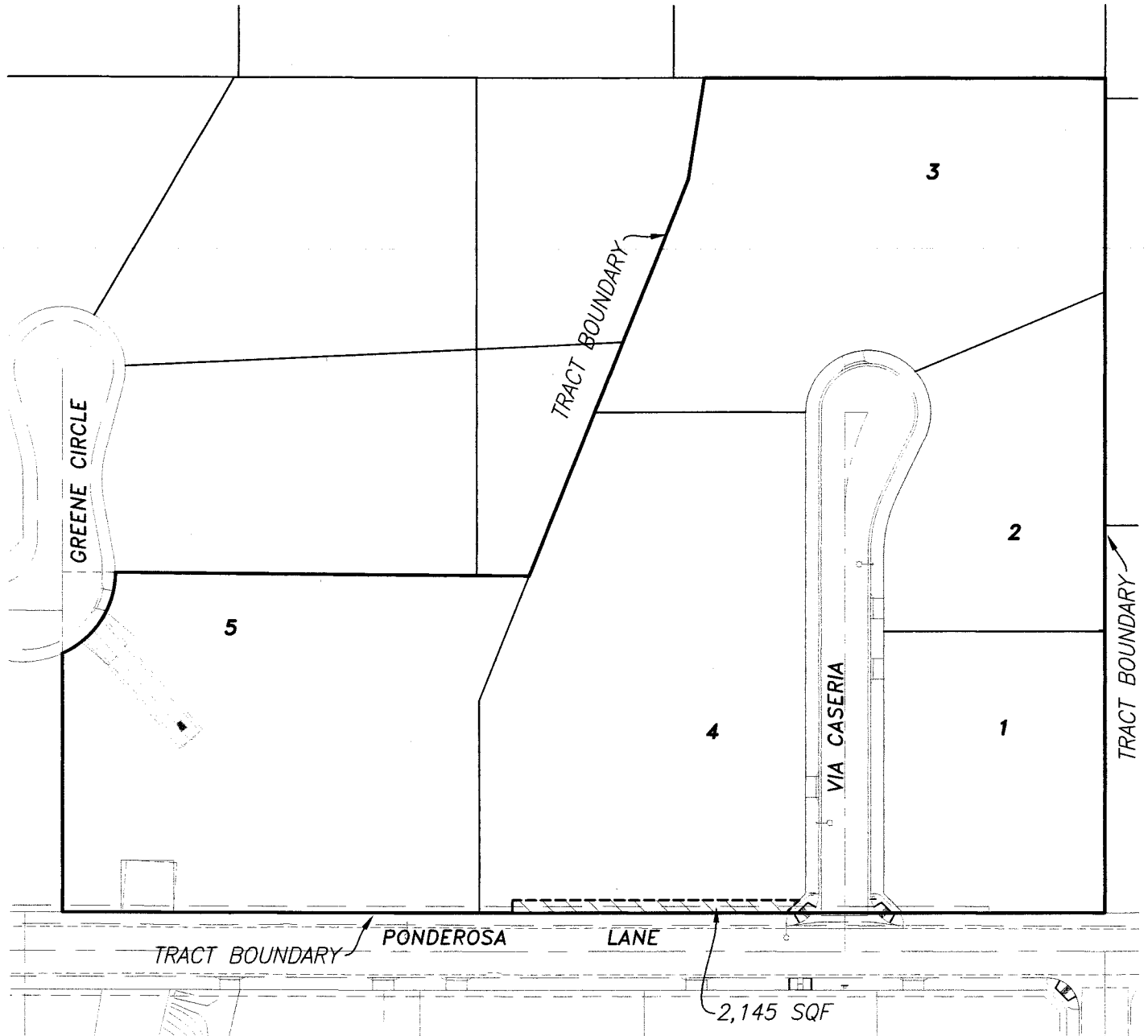
SCALE: 1"=200'

EXHIBIT "A"

MAINTENANCE AREAS

(to be attached, if applicable)

EXHIBIT "A" ASSOCIATION MAINTENANCE AREAS TRACT 30231



HOA MAINTAINED AREA



SCALE: 1"=120'

EXHIBIT "B"

ANNEXATION PROPERTY

That certain real property, together with the improvements thereon, in the unincorporated territory of the County of Riverside, State of California, more particularly described as follows:

All of Tract No. 30238 in the unincorporated territory of the County of Riverside, State of California, as per Map recorded in Book ____, Pages __ to __, inclusive, of Maps in the Office of the County Recorder of said County, State of California, EXCEPT Phase 1.

EXHIBIT "B"

TRACT NO. 30231

Being a subdivision of Parcel C of lot line adjustment No. 4878 per document recorded August 22, 2005 as Document No. 2005-0687828 of Official Records of Riverside County California also described in the document as follows:

A portion of Lot 2 of Amended Woodcrest Acres No. 5, as shown by map on file in Book 18, page 39 of Maps, records of Riverside County, California, more particularly described as follows:

Beginning at the Southeast corner of Lot 7 of Tract Map No. 24912, as shown by map on file in Book 315, pages 61 through 64, inclusive, of Maps, records of Riverside County, California;

1. Thence North 00°01' 29" East along the East line of said Lot 7 and the Northerly prolongation thereof, a distance of 232.99 feet to an angle point on the centerline of Greene Circle, as shown by said map of Tract No. 24912;
2. Thence continuing North 00°01'29" East along said centerline, a distance of 29.59 feet;
3. Thence South 89°58'31" East, a distance of 40.00 feet to the Southwesterly corner of Lot 6 of said Tract No. 24912 and the Easterly line of said Greene Circle;
4. Thence South 89°38' 17" East along the South line of said Lot 6 and the Easterly prolongation thereof, a distance of 315.98 feet;
5. Thence North 21°35' 13" East, a distance of 329.61 feet;
6. Thence North 08°51' 22" East, a distance of 79.70 feet to a point on the North line of the South half of said Lot 2;
7. Thence South 89°59' 42" East along said North line, a distance of 307.93 feet;
8. Thence South 00°06' 22" West, a distance of 646.12 feet to the South line of said Lot 2, to a point which bears South 89°58' 31" East, 1297.60 feet from the Southeast corner thereof;
9. Thence North 89°58' 31" West along said South line, a distance of 796.35 feet to the **point of beginning**.

Excepting therefrom any portion lying within Greene Circle per said Tract Map No. 24912.

APN: 273-180-050

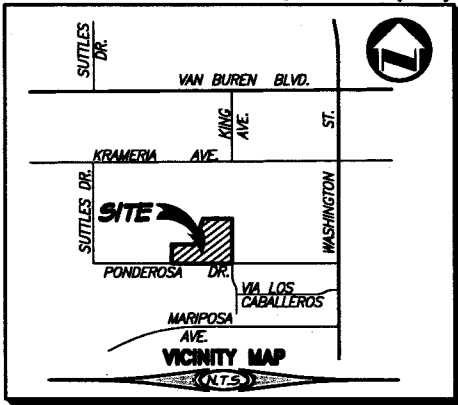
Contains 7.99 acres, gross, more or less

 10-9-14

MITCHELL J. ADKISON L.S. 8936



THOMAS BROS. GUIDE PAGE 745, GRID H-4 (2006)



SEC.26 T.3S. R.5W

BEING A SUBDIVISION OF PARCEL C OF LOT LINE ADJUSTMENT NO. 4878 PER DOCUMENT RECORDED AUGUST 22, 2005 AS DOCUMENT NO. 2005-0687828 OF OFFICIAL RECORDS, BEING A PORTION OF THE SOUTHEAST ONE-QUARTER OF SECTION 26, TOWNSHIP 3 SOUTH, RANGE 5 WEST, SBM

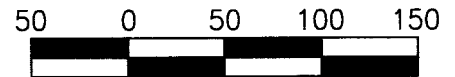
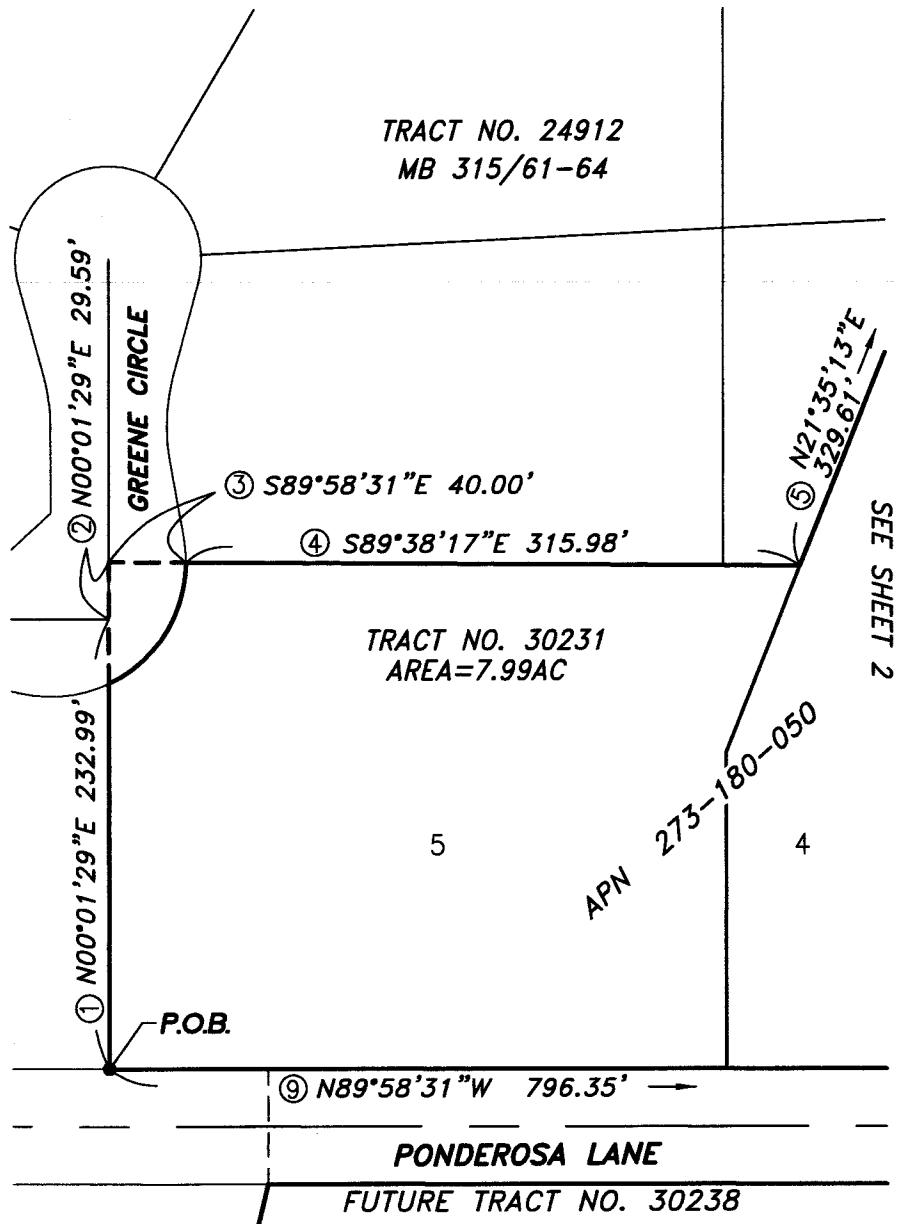


EXHIBIT PREPARED BY:

adkan ENGINEERS
 Civil Engineering · Surveying · Planning
 6820 Airport Drive, Riverside, CA 92504
 Tel:(951) 688-0241 · Fax:(951) 688-0599

SCALE: 1"=100'

JOB: 8611

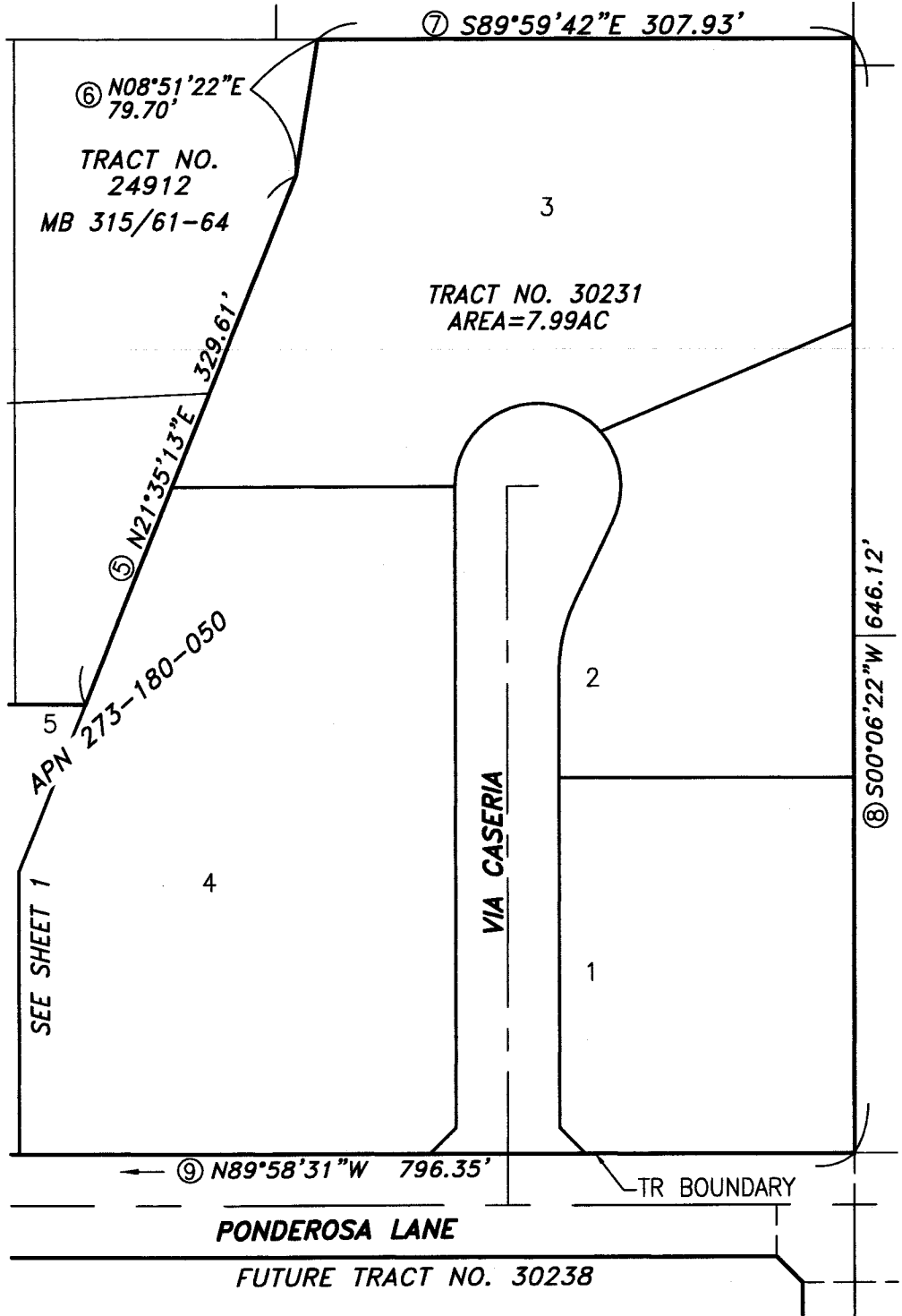
DATE:10/9/14

CLIENT: PONDEROSA

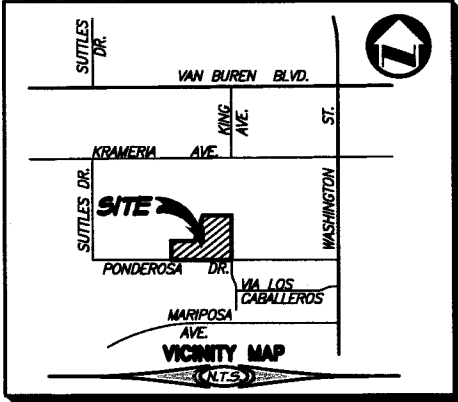
APPROVED BY:

M. Adkison 10-9-14
 MITCHELL J. ADKISON L.S. 8936

TRACT NO. 30231
 PONDEROSA LANE ESTATES, LLC
 RESIDENTIAL HOUSING
EXHIBIT "B"



THOMAS BROS. GUIDE PAGE 745, GRID H-4 (2006)



SEC.26 T.3S. R.5W

BEING A SUBDIVISION OF PARCEL C OF LOT LINE ADJUSTMENT NO. 4878 PER DOCUMENT RECORDED AUGUST 22, 2005 AS DOCUMENT NO. 2005-0687828 OF OFFICIAL RECORDS, BEING A PORTION OF THE SOUTHEAST ONE-QUARTER OF SECTION 26, TOWNSHIP 3 SOUTH, RANGE 5 WEST, SBM

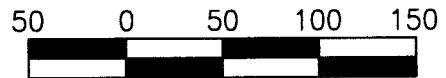


EXHIBIT PREPARED BY:
adkan ENGINEERS
 Civil Engineering · Surveying · Planning
 6820 Airport Drive, Riverside, CA 92504
 Tel:(951) 688-0241 · Fax:(951) 688-0599

SCALE: 1"=100' | JOB: 8611 | DATE:10/9/14 | CLIENT: PONDEROSA

APPROVED BY:

 MITCHELL J. ADKISON L.S. 8936

TRACT NO. 30231
 PONDEROSA LANE ESTATES, LLC
 RESIDENTIAL HOUSING
EXHIBIT "B"

EXHIBIT "B"

TRACT NO. 30238

Being a portion of the remainder parcel as shown on the map of Tract No. 27887, per map recorded in Book 424, pages 78 through 81, inclusive of Maps, records of said Riverside County, described as follows:

Beginning at a point in the northerly line of said remainder parcel distant South 89°51'44" East, a distance of 51.91 feet from the northeasterly corner of Lot 1 of said Tract No. 27887;

Thence South 13°26'15" West, a distance of 313.84 feet;

Thence South 25°17'03" West, a distance of 253.82 feet to the intersection with the easterly prolongation of the southerly line of Lot 5 of said Tract No. 27887;

Thence North 89°44'53" West along said easterly prolongation and along the southerly line thereof, a distance of 402.86 feet to the southwesterly corner of said Lot 5;

Thence along the various lines of said remainder parcel the following nineteen (19) courses:

1. Thence South 0°15'24" West, a distance of 712.85 feet;
2. Thence South 46°46'30" East, a distance of 20.54 feet;
3. Thence South 89°51'55" East, a distance of 1232.07 feet;
4. Thence North 0°08'05" East, a distance of 270.47 feet;
5. Thence North 67°43'01" East, a distance of 52.46 feet to a point in a non-tangent curve, concave easterly and having a radius of 50.00 feet, a radial line to said point bears South 60°07'47" West;
6. Thence northerly along said curve, through a central angle of 46°16'03", an arc length of 40.38 feet;
7. Thence tangent to last said curve, North 16°23'50" East, a distance of 50.00 feet to the beginning of a tangent curve, concave westerly and having a radius of 100.00 feet;
8. Thence northerly along said curve, through a central angle of 16°15'37", an arc length of 28.38 feet;
9. Thence tangent to last said curve, North 0°08'13" East, a distance of 239.99 feet;
10. Thence North 40°46'54" West, a distance of 19.85 feet;
11. Thence North 89°52'13" West, a distance of 1.99 feet;
12. Thence North 0°07'47" East, a distance of 60.00 feet;
13. Thence North 45°08'00" East, a distance of 21.22 feet;

14. Thence North $0^{\circ}08'13''$ East, a distance of 11.41 feet to the beginning of a tangent curve, concave westerly and having a radius of 270.00 feet;

15. thence northerly along said curve, through a central angle of $20^{\circ}46'02''$, an arc length of 97.86 feet to a point of reverse curvature with a curve concave easterly and having a radius of 330.00 feet, a radial line to said point bears North $69^{\circ}22'11''$ East;

16. Thence northerly along said curve, through a central angle of $20^{\circ}48'20''$, an arc length of 119.83 feet;

17. Thence tangent to last said curve, North $0^{\circ}10'31''$ East, a distance of 286.32 feet;

18. Thence North $44^{\circ}50'36''$ West, a distance of 21.22 feet;

19. Thence North $89^{\circ}51'44''$ West, a distance of 670.64 feet to the point of beginning.

Containing 30.80 acres, more or less.


MITCHELL J. ADKISON L.S. 8936



EXHIBIT "B"-MAP

SHEET 3 OF 3 SHEETS

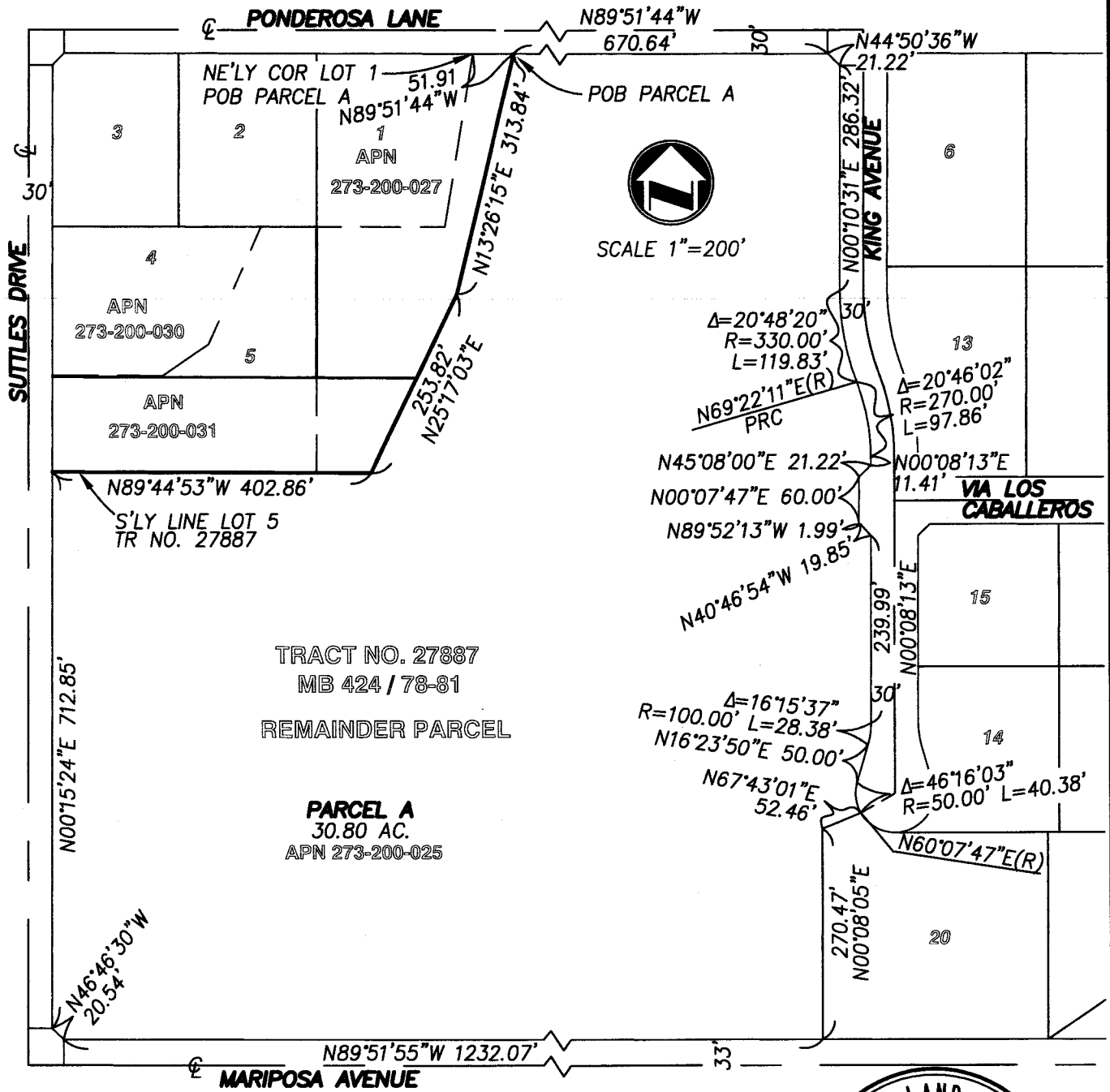


EXHIBIT PREPARED BY:

adkan
ENGINEERS

Civil Engineering · Surveying · Planning
 6879 Airport Drive, Riverside, CA 92504
 Tel: (951) 688-0241 Fax: (951) 688-0599



Scale: 1"=200'

Accessor's Parcel Numbers: 273-200-025,
273-200-027, 273-200-030, 273-200-031
 Section 26, Township 3 SOUTH and Range 5 WEST
 Date Exhibit Prepared: 10-9-2014

APPROVED BY:

Mitchell J. Adkison 10-9-14
 MITCHELL J. ADKISON L.S. 8936

EXHIBIT "C"

SAMPLE FORM OF LIMITED WARRANTY

(to be attached)

**FIX IT LAW ADDENDUM TO AGREEMENT OF SALE,
DEPOSIT RECEIPT AND JOINT ESCROW INSTRUCTIONS**

The following shall constitute an addendum to, and become a part of, that certain Agreement of Sale, Deposit Receipt and Joint Escrow Instructions ("**Agreement**") by and between PONDEROSA LANE ESTATES, LLC, a Delaware limited liability company, as Seller, and _____, as Buyer.

1. Fit and Finish Limited One Year Warranty. Seller hereby warrants to Buyer the "fit and finish" of the following building components for a period of one (1) year following the Close of Escrow: cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim. For purposes hereof, "fit and finish" shall mean that such components shall be manufactured, constructed and installed in such a manner as to be free from significant defects which would unreasonably affect the aesthetic quality, as opposed to the functionality, of such components. The following items shall be excluded from coverage under this limited warranty:

(a) Defects in Other Components. Damage to cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim caused by defects in other components governed by Title 7 (commencing with Section 895) of Part 2 of Division 2 of the California Civil Code ("the Fix It Law").

(b) Unforeseen Acts of Nature. Loss or injury due to unforeseen acts of nature including, but not limited to, a weather condition, earthquake or man made event such as war, terrorism, or vandalism, in excess of the design criteria expressed by the applicable building codes, regulations, and ordinances in effect at the time of original construction.

(c) Misuse or Neglect. Damage due to ordinary wear and tear, misuse, abuse, neglect, lack of proper or timely maintenance, Buyer's unreasonable failure to minimize or prevent damage in a timely manner, including the failure of Buyer to allow reasonable and timely access for inspections and repairs and failure to give timely notice to Seller after discovery, or use of the component for something other than its intended purpose. Such exclusion includes damage caused by Buyer during move-in.

(d) Work Done by You. Defects in the covered components which you or your agents, employees or contractors have installed, modified or added to in any way including, without limitation, attempted repairs, any addition, alteration, remodeling or repair performed by you or under your direction.

(e) Characteristics Common to Materials. Variations which are the result of characteristics common to the materials used, such as, but not limited to, warping and deflection of wood, fading, chalking and checking of paint due to sunlight, cracks due to drying and curing of concrete, stucco, drywall, bricks and masonry, drying, shrinking and cracking of grout, caulking and weather stripping, or settling in of the structure. Please refer to your Homeowner Manual for further details.

(f) Failure to Report Within the Warranty Term. Defects which are not reported to Seller within the warranty term.

(g) Consequential Damages. Consequential or incidental damages and/or losses of any kind whatsoever which may arise from or out of any defects warranted hereby including, but not limited to, personal injury, mental pain and suffering and emotional distress, medical, hospital rehabilitation or other incidental or consequential damage or damage to personal property, loss of use, loss of wages, inconvenience or diminished market value.

The parties expressly acknowledge that the "fit and finish" warranty provided herein shall exclude any matter which would give rise to a claim by Buyer pursuant to the terms of Chapter 2 (commencing with Section 895) of Title 7 - Requirements for Actions for Construction Defects, of Part 2 of Division 2 of the California Civil Code, and that such warranty shall not be deemed an "enhanced protection agreement" as defined under California Civil Code Section 901. This limited warranty is expressly in lieu of all other warranties or guaranties, express or implied, written or oral, including, but not limited to, any implied warranty of merchantability, habitability or fitness for a particular purpose and is the only warranty by Seller applicable to the subject property.

Buyer Initials: _____, _____ Seller's Initials: _____

2. Maintenance and Preventive Maintenance Recommendations. By initialing in the space below, Seller and Buyer hereby acknowledge that Seller has provided and Buyer has received all maintenance and preventive maintenance recommendations that pertain to Buyer's residence as of the date this information was compiled by Seller. Notwithstanding the foregoing, Buyer and Seller acknowledge that as of the date hereof, all such relevant information may not be available and, therefore, Seller shall have the right, by written notice to Buyer, to supplement and/or amend such maintenance and preventive maintenance recommendations from time to time. Nothing in the maintenance and preventive maintenance recommendations provided herewith is intended to constitute, or shall be interpreted to constitute, an "enhanced protection agreement" as defined in Section 901 of the California Civil Code. Buyer hereby agrees that Buyer shall faithfully follow all such maintenance and preventive maintenance recommendations and Buyer shall cause any tenant of Buyer to follow all such recommendations. Buyer agrees that Buyer shall provide all such maintenance and preventive maintenance recommendations to any subsequent purchaser of the subject property from Buyer.

Buyer Initials: _____, _____ Seller's Initials: _____

3. Products Maintenance, Preventive Maintenance and Limited Warranty Information. By initialing in the space below, Seller and Buyer hereby acknowledge that Seller has provided and Buyer has received all manufactured products maintenance, preventive maintenance and limited warranty information that pertain to Buyer's

residence as of the date this information was compiled by Seller. Notwithstanding the foregoing, Buyer and Seller acknowledge that as of the date hereof, all such relevant information may not be available and, therefore, Seller shall have the right, by written notice to Buyer, to supplement and/or amend such manufactured products maintenance, preventive maintenance and limited warranty information from time to time. Nothing in the products maintenance, preventive maintenance and limited warranty information provided herewith is intended to constitute, or shall be interpreted to constitute, an "enhanced protection agreement" as defined in Section 901 of the California Civil Code. Buyer hereby agrees that Buyer shall faithfully follow all such manufactured products maintenance, preventive maintenance and limited warranty information and Buyer shall cause any tenant of Buyer to follow all such recommendations. Buyer agrees that Buyer shall provide all such manufactured product maintenance, preventive maintenance and limited warranty information to any subsequent purchaser of the subject property from Buyer.

Buyer Initials: _____, _____ Seller's Initials: _____

4. Seller's Agent for Notice. By initialing the space below, Buyer and Seller hereby acknowledge that the name and address for notice of claims to Seller pursuant to Chapter 4 (commencing with Section 910) of Title 7 of Part 2 of Division 2 of the California Civil Code is as follows:

Diversified Pacific Communities, LLC
Attention: SB800 Claims Administrator
10621 Civic Center Drive
Rancho Cucamonga, California 91730

Buyer Initials: _____, _____ Seller's Initials: _____

5. Fix It Law Procedures. Seller hereby notifies Buyer of the existence of the prelitigation procedures as set forth in Chapter 4 (commencing with Section 910) of Title 7 of Part 2 of Division 2 of the California Civil Code and further notifies Buyer that such procedures impact the legal rights of Buyer. By initialing below, Buyer acknowledges that Buyer has been provided a written copy of Title 7 (commencing with Section 895) of Part 2 of Division 2 of the California Civil Code, which is attached to this Addendum. Seller hereby instructs Buyer to, and Buyer acknowledges that Buyer shall, provide such documents to any subsequent purchaser of the Lot from Buyer.

Buyer Initials: _____, _____ Seller's Initials: _____

6. Seller's Election to Initially Opt-In to Statutory Non-Adversarial Procedures. By initialing below, Buyer acknowledges that Seller has initially elected to use certain procedures referred to as the "non-adversarial procedures" for the resolution of construction defect claims regarding the Property, as set forth in Sections 910 through 938 of the California Civil Code. Seller has recorded or will record a notice of these

procedures on the Property prior to the Close of Escrow. Buyer has had the opportunity to read the non-adversarial procedures in SB800 and acknowledges that the procedures set forth therein impact Buyer's legal rights with respect to the Property. According to the terms of the Fix It Law, the non-adversarial procedures will not apply with respect to a given claim if Seller (i) elects not to use the non-adversarial procedures, or (ii) does not comply with the requirements set forth therein.

Buyer Initials: _____, _____ Seller's Initials: _____

7. Indemnity of Seller by Buyer. Buyer hereby agrees to indemnify, defend and hold Seller harmless for any loss, cost or damages arising from Buyer's failure to carry out Buyer's obligations under the terms of this Fix It Law Addendum to Agreement of Sale, Deposit Receipt and Joint Escrow Instructions.

Buyer Initials: _____, _____ Seller's Initials: _____

8. Affiliated Contractor. In the event any "affiliated contractor" (defined in Civil Code Section 911) was utilized in the construction of any of the improvements to the Property, the provisions of this Addendum shall apply to such contractor and the delivery of all Fix It Law-related notices, documentation and materials described above shall be deemed given or delivered on behalf of such contractor. The parties intend and agree that any entity that falls within the definition of "affiliated contractor" is an intended third party beneficiary of the provisions of this Addendum.

Buyer Initials: _____, _____ Seller's Initials: _____

EXHIBIT "D"

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

EACH OWNER (BY ACCEPTANCE OF A DEED TO A LOT) AND THE ASSOCIATION (BY ACCEPTANCE OF A DEED TO THE COMMON AREA) UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY (IF ANY) IS THE ONLY WARRANTY, EXPRESS OR IMPLIED, GIVEN BY DECLARANT WITH REGARD TO THE LOTS, COMMON AREA AND PROJECT, INCLUDING, WITHOUT LIMITATION, ALL RESIDENCES AND OTHER IMPROVEMENTS CONSTRUCTED THEREON. DECLARANT MAKES NO OTHER EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS, RESIDENCES, COMMON AREA, OR PROJECT, OR ANY IMPROVEMENTS THEREON, COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND, EXCEPT AS EXPRESSLY SET FORTH IN THE LIMITED WARRANTY (IF AT ALL), DECLARANT DISCLAIMS ALL SUCH WARRANTIES AND REPRESENTATIONS, EXPRESS AND IMPLIED, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING THE VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, FUTURE USE, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE LOTS, COMMON AREA OR PROJECT, OR THE ASSOCIATION OR OWNERS.

THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE RESIDENCES, LOTS, COMMON AREA OR PROJECT THAT ARE CONSIDERED "CONSUMER PRODUCTS" AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) AND THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ASSOCIATION OR ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE RESIDENCES, LOTS, OR COMMON AREA MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

EACH OWNER AND THE ASSOCIATION HAS CONDUCTED ITS OWN INVESTIGATION WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, EXCEPT AS EXPRESSLY SET FORTH IN THE LIMITED WARRANTY (IF ANY), EACH OWNER AND THE ASSOCIATION WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS, RESIDENCES, COMMON AREA AND PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OF PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS,

RESIDENCES, COMMON AREA AND/OR PROJECT (OR ANY IMPROVEMENTS THEREON) OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. EACH OWNER AND THE ASSOCIATION ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND EACH OWNER AND THE ASSOCIATION HAS NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, AN OWNER, OR ASSOCIATION MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 AND 945.5.

THIS EXHIBIT MAY NOT BE AMENDED, TERMINATED OR REVOKED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT, WHICH CONSENT MAY BE WITHHELD IN DECLARANT'S SOLE AND ABSOLUTE DISCRETION.

EXHIBIT "E"

RIGHT TO REPAIR LAW NOTICES AND ELECTIONS

The following notices and elections are given pursuant to Division 2, Part 2, Title 7 (commencing with Section 895) of the California Civil Code ("Right to Repair Law"). Declarant, each Owner (by acceptance of a deed to a Lot), and the Association (by acceptance of a deed to the Common Area) shall be deemed to acknowledge and agree to each of the provisions set forth in this Exhibit "E." Each of the provisions set forth in this Exhibit shall constitute covenants running with the land and equitable servitudes and shall inure to the benefit of, and be binding upon, the Declarant, each Owner, and the Association, and any person to whom an Owner or the Association may convey or assign all or a portion of its interest in the Owner's Lot or Common Area (or portion thereof), and their respective grantees, heirs, executors, administrators, devisees, successors and assigns.

1. Notice of Procedures. On September 20, 2002, the Governor of the State of California signed into law the construction dispute reform bill known as Senate Bill No. 800, which added section 43.99 and Title 7 (commencing with section 895) to Part 2 of Division 2 of the California Civil Code ("Right to Repair Law"). The Right to Repair Law contains various procedures which may impact an Owner's legal rights as a homeowner. Each Owner may wish to consult with an attorney or other legal advisor to ascertain the requirements of the Right to Repair Law and its impact upon his legal rights.

2. No Enhanced Protection Agreement. As noted earlier, no provisions herein, and no representations or warranties, expressed or implied, by Declarant, constitute, or shall be interpreted to constitute, an "enhanced protection agreement," as defined in Section 901 of the California Civil Code.

3. DECLARANT'S ELECTION TO OPT IN TO PRE-LITIGATION PROCEDURES SET FORTH IN RIGHT TO REPAIR LAW. BY ACCEPTANCE OF A DEED TO A LOT, EACH OWNER ACKNOWLEDGES THAT DECLARANT HAS ELECTED TO USE CERTAIN PROCEDURES REFERRED TO AS THE "STATUTORY PRE-LITIGATION PROCEDURES" FOR THE RESOLUTION OF CONSTRUCTION DEFECT CLAIMS, AS SET FORTH IN SECTIONS 910 THROUGH 938 OF THE CALIFORNIA CIVIL CODE. ANY CLAIM OR DISPUTE WHICH IS NOT SUBJECT OR RESOLVED PURSUANT TO SUCH STATUTORY PRE-LITIGATION PROCEDURES SHALL BE RESOLVED BY THE DISPUTE RESOLUTION PROCEDURES SET FORTH IN THE LIMITED WARRANTY (IF ANY) OR ADOPTED BY DECLARANT (E.G., BINDING ARBITRATION, AS SET FORTH IN THIS DECLARATION). NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION SHALL BE DEEMED TO CONSTITUTE A WAIVER OF DECLARANT'S RIGHTS, IF ANY, TO REQUIRE AN OWNER TO COMPLY WITH THE PROCEDURES OF THE LIMITED WARRANTY OR THE CALDERON ACT (SET FORTH AT CIVIL CODE SECTION 1375) OR TO ENFORCE ANY PROVISION OF LAW RELATING TO THE RESOLUTION OF DISPUTES OTHER THAN SECTIONS 910 THROUGH 938 OF THE CALIFORNIA

CIVIL CODE. EACH OWNER, ON BEHALF OF ITSELF AND ITS SUCCESSORS IN INTEREST, SHALL PROVIDE COPIES OF ALL DOCUMENTS PROVIDED BY DECLARANT TO SUCH OWNER TO ANY SUBSEQUENT PURCHASER OF SAID OWNER'S LOT.

4. Agent for Notice for Declarant. Notice of disputes shall be given to the agent for service of process for Declarant set forth in the most current records of the Secretary of State of California.

5. Common Area Construction Defect Claims. The Association may enforce construction defect claims pursuant to the provisions of Subsection (b) above only with respect to the Common Area. Notwithstanding any provision to the contrary in the Declaration regarding resolution of disputes regarding the Common Area, at such time as an Owner is elected or appointed to the Board, the Declarant shall be deemed to have relinquished control over the Association's ability to initiate claims regarding the Common Area.

THIS EXHIBIT MAY NOT BE AMENDED, TERMINATED, OR REVOKED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT, WHICH CONSENT MAY BE WITHHELD IN DECLARANT'S SOLE AND ABSOLUTE DISCRETION.

EXHIBIT "F"

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

Declarant, the Association (by acceptance of a deed to the Common Area), and each Owner (by acceptance of a deed to a Lot) agree to the provisions set forth in this Exhibit "F" its subsections (collectively, "ADR Provisions").

(a) Definitions. For purposes of these ADR Provisions only, the following definitions apply:

(1) "Declarant" means and includes the Declarant in this Declaration, as the same may be amended or restated from time to time. "Declarant" shall also include any of the following if they are bound or agree to be bound to the following or similar dispute notification and resolution procedures: any director, officer, partner, attorney, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender), or any contractor, subcontractor, consultant, design professional, engineer or supplier who provided labor, services or materials to the Project (each, a "Declarant Party").

(2) "Dispute" means any and all claims, controversies, breaches, actions or disputes between any Declarant Party, on the one hand, and any Owner and/or Association, on the other hand, arising out of or in any way relating to the Project, any Lot, Common Area, or Residences or Improvements in the Project, this Declaration, a purchase and sale contract between an Owner and Declarant for the purchase and sale of a Lot ("Contract"), the Limited Warranty (if any), and/or any other agreements or duties or liabilities as between any Declarant Party and any Owner and/or Association relating to the sale or transfer of a Lot or Common Area, or regarding the use or condition of a Lot and/or Common Area, or the design or construction of or any condition on or affecting the Project and/or Lot and/or Common Area in the Project, including, without limitation, construction defects, surveys, soils conditions, grading, specifications, installation of improvements or disputes which allege breach of contract, negligent or intentional misrepresentation or fraud, nondisclosure, breach of any alleged duty of good faith and fair dealing, strict liability, negligence, breach of implied or express warranties as to the condition of a Lot, Common Area or other portions of the Project, or any other matter arising from or relating to the interpretation or enforcement of this Declaration (including these ADR Provisions). "Dis-

putes" do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

(3) "Disputes Covered By Limited Warranty. The term "Limited Warranty" means the express limited warranty, if any, provided by Declarant in connection with the sale of a Lot by Declarant to the Owner or the conveyance of the Common Area to the Association (if any). As set forth in Exhibit "D" attached hereto, Declarant disclaims any and all express and implied warranties relating to the Lots, Common Area and Project, including the Residences and Improvements therein, other than the Limited Warranty (if any). Any Dispute that is covered by the Limited Warranty shall be submitted to and resolved by the alternative dispute resolution procedure set forth in the Limited Warranty (which may be binding arbitration, judicial reference, etc.). Except as may be provided by the Limited Warranty, if any, the provisions of these ADR Provisions do not establish any contractual duty, obligation, or warranty (express or implied) on the part of Declarant to repair, replace or cure any defect in any property which is the subject of the Dispute. Other than the express warranties contained in the Limited Warranty (if any), Declarant expressly disclaims, and the Association and each Owner waive, any and all warranties, whether express or implied, to the maximum extent permitted by law. The right to inspect and correct granted in these ADR Provisions is in addition to the rights granted in California Civil Code Section 1375 ("Calderon Act"). The procedures established in the Calderon Act may be implemented, before, during or after the procedure in these ADR Provisions is implemented.

(b) Adversarial Dispute Resolution Procedures - Binding Arbitration. WITH RESPECT TO ALL DISPUTES NOT COVERED BY THE LIMITED WARRANTY, DECLARANT, EACH OWNER AND THE ASSOCIATION SHALL COMPLY WITH THE DISPUTE RESOLUTION AND BINDING ARBITRATION PROCEDURES AND PROVISIONS SET FORTH IN THIS DECLARATION, WHICH ARE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16). The Association and each Owner acknowledges and agrees that the Limited Warranty (if any) forms to be issued have been made available to the Association and each Owner for review, that the Association and each Owner has made such review of the Limited Warranty (if any) and the dispute resolution procedures specified therein as the Association and each Owner deems necessary and appropriate, and that the Association and each Owner consents to participation in such procedures for the resolution of Disputes. Any Dispute concerning the interpretation or the enforceability of this Declaration,

including, without limitation, its revocability or voidability for any cause, any challenges to the enforcement or the validity of this Declaration, or the scope of arbitrable issues hereunder, and any defense relating to the enforcement of this Declaration, including, without limitation, waiver, estoppel, or laches, shall be decided by the arbitrator in the arbitration proceeding in accordance with this Declaration and not by a court of law.

(1) Fees. Notwithstanding the dispute resolution procedures specified in the Limited Warranty (if any) and upon written request of an Owner or the Association, Declarant agrees to pay on the Owner's or Association's behalf (or, upon satisfactory evidence, to reimburse them) the fees necessary to initiate the arbitration proceeding. Declarant, and/or Owner and/or the Association may agree to otherwise change the applicable dispute resolution procedures, but only by a written agreement signed by both the Owner and/or Association, whichever is applicable, and Declarant.

(2) Federal Arbitration Act Is Applicable. The procedures specified in the Limited Warranty and these ADR Provisions are to be interpreted and enforced as authorized by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy court proceedings. Interpretation and application of these procedures shall conform to Federal court rulings interpreting and applying the Federal Arbitration Act. References to California procedural law shall not be construed as a waiver of any rights under the Federal Arbitration Act or of any rights to have the procedures set forth in the Limited Warranty and/or these ADR Provisions interpreted and enforced under the Federal Arbitration Act.

(3) Binding Arbitration. Except as otherwise provided in the Limited Warranty (if any), all Disputes shall be submitted to binding arbitration by and pursuant to the rules of a mutually agreeable, independent, neutral, reputable arbitration service in effect at the time of the initiation of the arbitration. If the parties are unable to agree on an arbitration service, then either party may petition a court of competent jurisdiction in the County in which the Project is located to appoint such service, which appointment shall be binding on the parties. The rules and procedures of the arbitration service in effect at the time the request for arbitration is submitted shall be followed, subject to the following provisions.

(a) General arbitration provisions.

(i) Declarant, the Association (by acceptance of a deed to the Common Area) and each Owner (by acceptance of a deed to a Lot) expressly agree and acknowledge that the property affected by this Declaration involves and concerns interstate commerce and is governed by the provisions of the Federal Arbitration Act (9 U.S.C. §1, et seq.) now in effect and as the same may from time to time be amended, to the exclusion of any different or inconsistent state or local law, ordinance, regulation, or judicial rule. Accordingly, any and all Disputes shall be arbitrated - which arbitration shall be mandatory and binding - pursuant to the Federal Arbitration Act. To the extent that any state or local law, ordinance, regulation, or judicial rule shall be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rules shall govern the conduct of the proceeding.

(ii) The provisions of these ADR Provisions shall inure to the benefit of, and be enforceable by, Declarant's subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person whom the Association or an Owner contends is responsible for any alleged defect in or to a Lot, the Common Area, or the Project or any Improvement or appurtenance thereto.

(iii) As set forth above, Declarant shall initially advance the fees necessary to initiate the arbitration proceeding. Costs and fees of the proceeding on an ongoing basis shall initially be paid by the parties in such proportions as the parties may agree, provided, that if the parties cannot agree, then in such proportions as the arbitrator(s) shall determine. At the conclusion of the proceeding, the arbitrator may determine that the costs and fees shall be borne by the parties in a different proportion or that one or the other of the parties shall bear the costs and fees for the entire proceeding. Each party shall bear its own attorneys' fees and costs (including expert costs) for the arbitration.

(iv) Written notice of the commencement of the arbitration proceeding shall be given by the party demanding arbitration to the other party

as promptly as possible, as provided in the rules and procedures of the arbitration service. Unless otherwise agreed to by the parties, the arbitrator or arbitrators shall be selected no later than sixty (60) days from the date the arbitration administrator was mailed a request to arbitrate.

(v) The arbitration shall be conducted by a neutral, impartial arbitrator or arbitrators and selected in accordance with California Code of Civil Procedure sections 1297.101, 1297.111 through 1297.119, inclusive, as the same may be amended from time to time, and such selections may be challenged in accordance with California Code of Civil Procedure Section 1297.124, as the same may be amended from time to time.

(vi) The parties shall be entitled to conduct all discovery as otherwise provided in the California Code of Civil Procedure, and the arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge, with rights to regulate discovery and to issue and/or enforce subpoenas, protective orders or other limitations on discovery available under California law. In the context of construction defect disputes, all parties shall be entitled to reasonable site inspections, visual inspections, destructive testing, and other discovery mechanisms commonly employed in such disputes;

(vii) Unless otherwise agreed by the parties, the arbitration shall be held in the County where the Project is located.

(viii) The arbitrator(s) shall commence, conduct, and conclude the arbitration proceeding in a prompt and timely manner in accordance with the rules and procedures of the arbitration service.

(ix) The arbitrators are authorized to provide all remedies available in law or equity for any cause of action that is the basis of the arbitration.

(x) The decision of the arbitrator shall be final and binding. The Association, each Owner and Declarant expressly agree that an application to confirm, vacate, modify or correct an award rendered by the arbitrator may be filed

in any court of competent jurisdiction in the County in which the Project is located.

(xi) The participation by any party in any judicial proceeding concerning this paragraph or any matter arbitrable hereunder shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce the provisions of these ADR Provisions.

(xii) If any provision of these ADR Provisions shall be determined by the arbitrator or by any court to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

(xiii) Declarant, the Association (by acceptance of a deed to the Common Area), and each Owner (by acceptance of a deed to a Lot) of a Lot in the Project agree to have any Dispute arising out of the matters included in this paragraph entitled "Adversarial Dispute Resolution Procedures - Binding Arbitration" decided by neutral binding arbitration in accordance with the Federal Arbitration Act and the California Arbitration Act, to the extent the California Arbitration Act is consistent with the Federal Arbitration Act, and Declarant, the Association, and each Owner are giving up any rights Declarant and Owner might possess to have the Dispute litigated in a court or jury trial. If Declarant or Owner refuses to submit to arbitration after agreeing to this provision, Declarant, the Association, or Owner may be compelled to arbitrate under the Federal Arbitration Act and the California Arbitration Act, to the extent the California Arbitration Act is consistent with the Federal Arbitration Act.

(c) Judicial Reference. In the event the arbitration provisions in these ADR Provisions is determined to be unenforceable in whole or in material part preventing their use, or are held not to apply or are held invalid, void or unenforceable in their entirety for any reason, Declarant, the Association (by acceptance of a deed to the Common Area), and each Owner (by acceptance of a deed to a Lot) agree that all Disputes shall be resolved in a lawsuit before a judge in a court of competent jurisdiction; provided that such lawsuit must be resolved by general judicial reference pursuant to California Code of Civil Procedure Sections 638 and 641 through 645, or any successor statutes thereto, and as modified by this paragraph. The

referee shall have the power to grant all legal and equitable remedies and award compensatory damages. Declarant, each Owner (by acceptance of a deed to a Lot), and the Association (by acceptance of a deed to the Common Area) acknowledge, understand and agree that both the arbitration and judicial reference procedures noted herein, as applicable, involve a process whereby resolution of the Dispute does not involve a jury trial and specifically excludes a jury from any involvement in resolution of the Dispute. The parties to the Dispute shall cooperate in the judicial reference proceeding. Declarant, each Owner (by acceptance of a deed to a Lot), and the Association (by acceptance of a deed to the Common Area) grant the general referee authority to decide all issues, whether of fact or law, including without limitation, the validity, scope and enforceability of this dispute resolution provision, and to report a statement of decision to the court. All parties shall use the procedures adopted by any entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties, provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise in writing:

(1) The general referee must be a neutral and impartial retired judge with substantial experience in real estate development and residential construction matters. Any Dispute regarding the selection of the referee shall be resolved by the entity providing the reference services, or, if no entity is involved, by the court with appropriate jurisdiction;

(2) The general reference proceeding shall proceed without a jury. Declarant, each Owner (by acceptance of a deed to a Lot), and the Association (by acceptance of a deed to the Common Area) each hereby acknowledge, understand, and agree that this procedure does not involve a jury trial and that this procedure and the lack of a jury trial shall be binding upon their respective successors and assigns and upon all persons and entities asserting rights or claims or otherwise acting on behalf of them or their successors and assigns.

(3) The parties shall be entitled to conduct all discovery as otherwise provided in the California Code of Civil Procedure, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge, with rights to regulate discovery and to issue and/or enforce subpoenas, protective orders or other limitations on discovery available under

California law. In the context of construction defect disputes, all parties shall be entitled to reasonable site inspections, visual inspections, destructive testing, and other discovery mechanisms commonly employed in such disputes;

(4) The reference proceeding shall be conducted in accordance with California law (including the rules of evidence), and in all regards the general referee shall follow California law as applicable at the time of the general reference proceeding. The general referee may issue any remedy or relief which the courts of the State of California could issue if presented the same circumstances, and the general referee shall follow and otherwise employ the standards for issuing such relief as defined by California law. The general referee may require one or more pre-hearing conferences. A stenographic record of the trial shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals. The general referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable. The general referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge. The statement of decision of the general referee upon all of the issues considered by the general referee shall be binding upon the parties, and upon filing the statement of decision with the clerk of any court of the State of California having jurisdiction thereof, or with the judge if there is no clerk, judgment may be entered thereon. The judgment and decision of the general referee shall be appealable in the same manner and subject to the same rules as if rendered by the court.

(5) Any dispute involving third parties (*i.e.*, a person or entity other than Declarant, or Owner or the Association) shall be included in the general reference procedure prescribed herein to the extent permitted by law. All parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding.

(6) The exclusive venue for all general reference proceedings shall be in the County where the Project is located;

(7) Except where attorneys' fees are awarded as an element of sanctions, the parties shall bear

their own attorneys' fees in any proceeding conducted under this paragraph. Declarant shall initially advance all fees and costs necessary to initiate the general reference proceeding; however, the general referee may, in his or her discretion, reallocate such fees and costs among the parties as the interests of justice dictate. The general referee may award litigation costs to the prevailing party. This provision does not modify any provision of a contract between Declarant and any other entity other than an Owner requiring indemnification or establishing a different allocation of costs between Declarant and such entity.

(8) If any provision of this paragraph shall be determined to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

(d) Cooperation Clause. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

(e) Choice of Forum Clause. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the district in which the Project is located.

(f) Inspection Easements. Declarant reserves easements to enter any Lot, including the interior of the Residence and yard, and the Common Area in the Project, to inspect those areas and to conduct destructive testing referred to in California Civil Code § 1375(d). However, the Declarant shall notify the Owner of the Lot or the Association (if the Common Area is to be inspected) of at least three (3) alternative dates and times when such inspection can take place (the earliest of which shall not be less than ten (10) days after the notification is given) and the Declarant shall give the Owner or the Association (as applicable) the opportunity to specify which date and time is acceptable to the Owner or Association (as applicable). Should the Owner or Association (as applicable) not respond affirmatively with respect to one of the dates and times within five (5) days, then the Declarant may decide which of the dates and times the inspection and testing shall take

place and so notify the Owner or Association (as applicable). Alternatively, the Declarant may seek a judicial order allowing such inspection and testing to take place. Declarant shall be entitled to its reasonably incurred attorney's fees and be deemed the "prevailing party" should such a court order be sought and obtained. Declarant shall be obligated to fully repair any damage caused by any such destructive testing.

(g) Compliance. Declarant, the Association, and each Owner covenant to comply with the procedures described herein. If Declarant, the Association, or any Owner breaches the foregoing covenant, Declarant, the Association, or the Owner (as applicable) may obtain an appropriate order compelling Declarant, the Association or the Owner (as applicable) to comply with the procedures described in herein.

(h) Miscellaneous. Any and all communications by and between the parties, whether written or oral, which are delivered by the parties or their attorneys or other representatives in an effort to settle the matter shall be considered communications undertaken in the course of effecting a settlement or compromise, and as such shall not be admissible as an admission on the part of any party or any representative or agent of that party to be utilized for any such purpose in any action or proceeding.

Nothing herein shall be considered to reduce or extend any applicable statute of limitation. If at any time an action would be barred by a statute of limitation if not filed within sixty (60) days, then such action may be filed notwithstanding any other provision of these ADR Provisions.

(i) Manufactured Products Maintenance and Limited Warranty Information. Each Owner, as to his respective Lot, and the Association, as to the Common Area, acknowledge that Declarant has provided such Owner and the Association with manufactured product maintenance, preventative maintenance and limited warranty information pertaining to such Owner's Lot and to the Common Area. Declarant reserves the right, by written notice to each Owner and/or to the Association, to supplement and/or amend such manufactured product maintenance, preventative maintenance and limited warranty information from time to time. Each Owner and the Association also acknowledge that by law, such Owner and such Association are obligated to follow all reasonable maintenance and preventative maintenance schedules and obligations communicated in writing from Declarant, as well as commonly accepted maintenance practices. Each Owner and the Association covenant to faithfully follow all such maintenance and preventative maintenance schedules and obligations contained in all such manufactured product

maintenance, preventative maintenance and limited warranty information (and each Owner shall require and cause any tenant or lessee of such Owner's Lot to follow all such schedules and obligations).

(j) Indemnification. Each Owner of a Lot in the Project and the Association covenant to indemnify, defend and hold Declarant harmless from any loss, costs or damages arising from such Owner's or such Association's failure or refusal to perform its respective obligations.

(k) Survival of Provisions. As contemplated by the California Civil Code Section 1670.5 and case law applying that statute, if any provision or part of these ADR Provisions is for any reason held to be invalid, unconscionable, contrary to any public policy, law, statute and/or ordinance, or unenforceable for any other reason, then such unenforceable provision(s) or part(s) shall be deemed severed, and the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable notwithstanding the severance and unenforceability of the severed portions.

DECLARANT, THE ASSOCIATION AND EACH OWNER SHALL USE THESE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND SHALL BE DEEMED TO WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. PURSUANT TO THESE ADR PROVISIONS, DECLARANT, THE ASSOCIATION (BY ACCEPTANCE OF A DEED TO THE COMMON AREA), AND EACH OWNER (BY ACCEPTANCE OF A DEED TO A LOT) ACKNOWLEDGE, UNDERSTAND, AND AGREE THAT THEY SHALL HAVE NO RIGHT TO HAVE ANY DISPUTE TRIED BEFORE A JURY.

THESE ADR PROVISIONS MAY NOT BE AMENDED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT, WHICH CONSENT MAY BE WITHHELD IN DECLARANT'S SOLE AND ABSOLUTE DISCRETION.

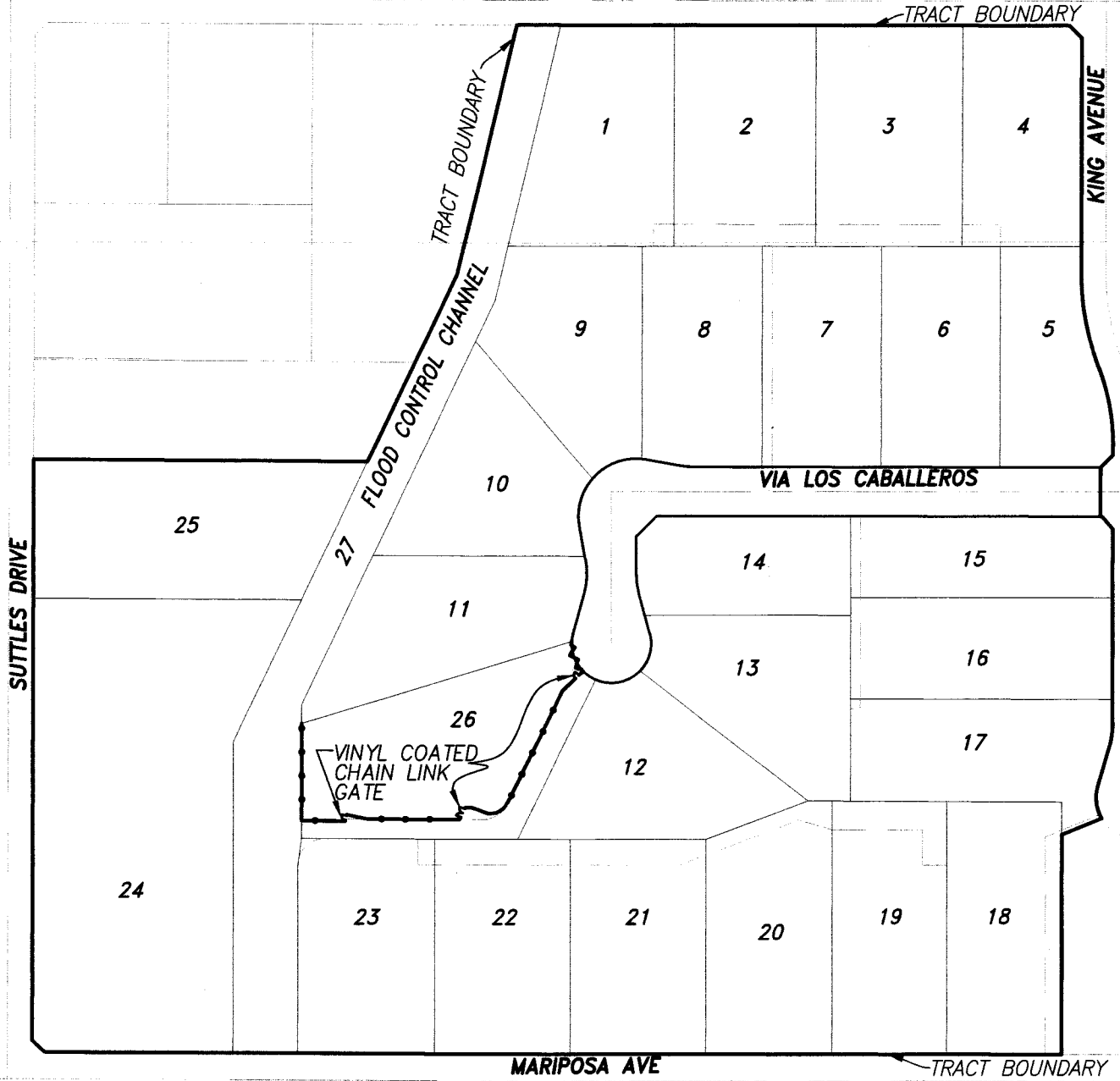
EXHIBIT "G"
WALLS AND FENCES
(to be attached)

EXHIBIT "G" WALLS AND FENCES TRACT 30238

FUTURE TRACT NO. 30231

PONDEROSA LANE

TRACT BOUNDARY



LEGEND

~~~~~ 6' HIGH TUBULAR STEEL FENCE - 40 LF

————— 6' HIGH VINYL COATED CHAIN LINK FENCE - 554 LF



SCALE: 1"=200'

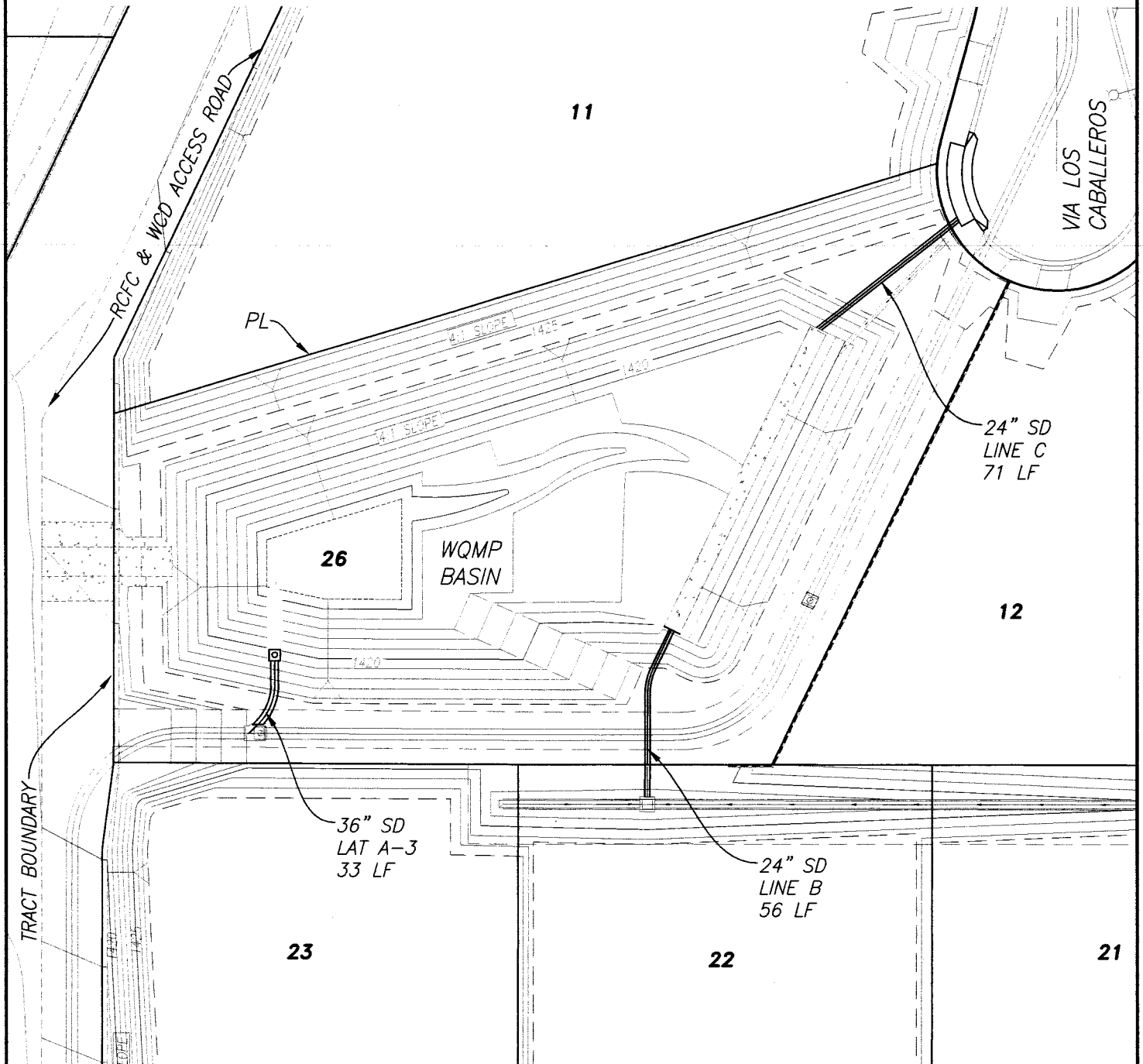


EXHIBIT "H"

PRIVATE STORM DRAIN FACILITIES

(to be attached)

# EXHIBIT "H" PRIVATE STORM DRAIN FACILITIES



SCALE: 1"=60'

CONSENT OF LIENHOLDER AND  
SUBORDINATION OF LIEN

---

The undersigned beneficiary under that certain Deed of Trust recorded on September 26, 2014, as Instrument No. 2014-0367154, in the Official Records of Riverside County, California, agrees that the lien of the Deed of Trust shall be junior and subordinate and subject to the attached "Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements For Woodcrest Estates" ("Declaration"), any recorded notices of annexation recorded in accordance with the Declaration, and to any easements to be conveyed to the homeowners association described in the Declaration, in accordance with the terms of the Declaration.

DATED: May 18, 2015

"LIENHOLDER"

BY: 

Print Name: Mark E. Foster

Title: Authorized Signatory

BY: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

"A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document."

(STATE OF CALIFORNIA)  
COUNTY OF ORANGE)

On May 18, 2015, before me, Lynn Mattson, Notary Public, personally appeared Mark E. Foster, 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.

Signature  (SEAL)  
Signature of Notary Public



Recording requested by:

When recorded return to:

DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS, AND  
RESERVATION OF EASEMENTS FOR  
WOODCREST ESTATES

A Residential Planned Development

**NOTICE:** AS MORE FULLY DESCRIBED IN THIS DECLARATION OR OTHERWISE PROVIDED BY DECLARANT, IN THE EVENT OF ANY DISPUTE(S) ARISING HEREUNDER, OR RELATING TO THE DESIGN AND/OR CONSTRUCTION OF THE PROJECT, SUCH DISPUTE(S) SHALL BE SUBMITTED TO A NONADVERSARIAL PROCEDURE AND IF NOT RESOLVED, SUBMITTED THEREAFTER TO AN ALTERNATIVE DISPUTE RESOLUTION PROCEDURE (e.g., BINDING ARBITRATION), AND AS A RESULT THEREOF, SUCH DISPUTE(S) WILL NOT BE LITIGATED IN A COURT BEFORE A JURY. ANY PERSON PURCHASING IN THIS DEVELOPMENT KNOWINGLY AND VOLUNTARILY AGREES TO BE BOUND BY, AND CONSENTS TO THE ASSOCIATION'S AGREEMENT TO BE BOUND BY, THE PROVISIONS SET FORTH IN THIS DECLARATION, WHICH INCLUDE A PROCEDURE WHICH DOES NOT INCLUDE A RIGHT TO A JURY.

IF THE PROVISIONS AND PROCEDURES DESCRIBED IN THIS NOTICE ARE UNACCEPTABLE, AN INDIVIDUAL OR ENTITY SHOULD NOT PURCHASE PROPERTY IN THIS PROJECT.

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