FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS DATE 7/16/15

REVIEWED BY EXECUTIVE OFFICE
DATE 12/1/15 Tina Grande

Departmental Concurrence

☐ Policy ☐ Policy
☒ Consent ☒ Consent
Dept. Recomm. Per Exec Ofc.

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

102B

FROM: TLMA - Transportation Department

SUBMITTAL DATE
November 10, 2015

SUBJECT: Approval of the Final Map for **Tract 31597,** a Schedule "A" Subdivision in the Wolf Valley Area. 3rd District; [$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Improvement Agreements and Securities as approved by County Counsel; and
2. Approve the Final Map; and
3. Authorize the Chairman of the Board of Supervisors to sign the Improvement Agreements and Final Map for Tract Map 31597.

BACKGROUND:

Summary

Tract 31597 was approved by the Board of Supervisors on April 10, 2007, as Agenda Item 15-4. Tract 31597 is a 94.34 acre subdivision that is creating 204 new residential lots and 24 open space lots in the Wolf Valley Area. This Final Map complies in all respects with the provisions of Division 3 of Title 15 of the Government Code and applicable local ordinances. All necessary conditions of approval have been satisfied and departmental clearances have been obtained to allow for the recordation of the final map.

Patricia Romo
Assistant Director of Transportation

Juan C. Perez
Director of Transportation and Land Management

HS: lf
Submittals: Vicinity Map
Road/Drainage Improvement Agreements
Water System Improvement Agreements
Sewer System Improvement Agreements
Monumentation Agreements

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes:	Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays:	None
Absent:	None
Date:	December 15, 2015
xc:	Transp., COBAA

Kecia Harper-Ihem
Clerk of the Board
By: Deputy

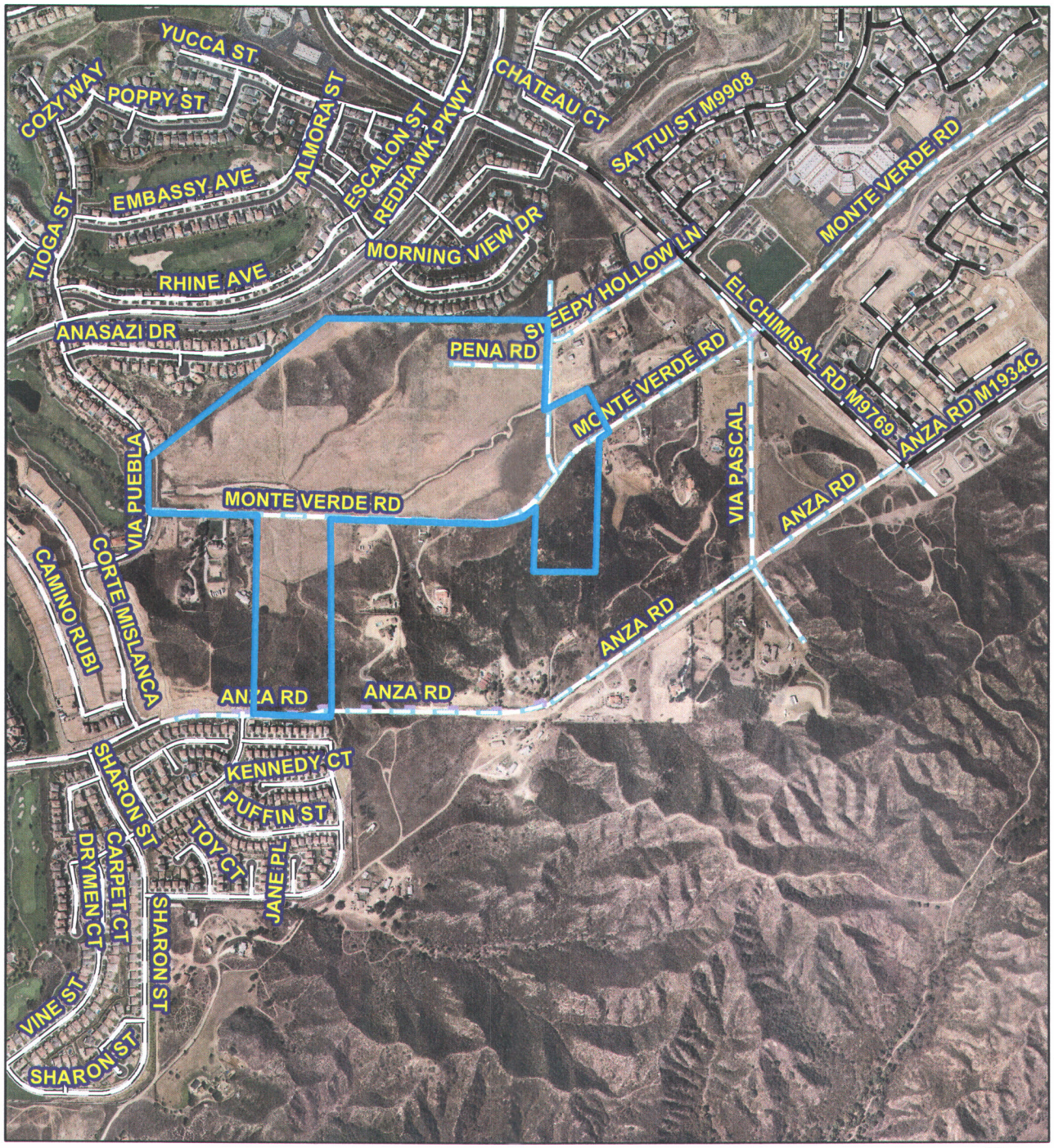
Prev. Agn. Ref.: 4/10/07, Item 15-4 | **District:** 3 | **Agenda Number:** 2-6

BACKGROUND:
Summary (continued)
California Government Code Section 66458 directs the Board to approve a final map, without any discretion, if the map conforms to all the requirements of the Subdivision Map Act and local ordinances applicable at the time of approval or conditional approval of the tentative map.

LS Terracina, LLC desires to enter into improvement agreements to guarantee the construction of the required improvements and has submitted Improvement Agreements and Securities which have been approved by County Counsel. All costs for improvements will be the responsibility of the developer.

The securities posted by International Fidelity Insurance Company are as follows:

$10,335,600 - Bond # 0661830 for the completion of street improvement
$ 959,500 - Bond # 0661831 for the completion of the water system
$ 541,500 - Bond # 0661832 for the completion of the sewer system
$ 82,600 - Bond # 0661833 for the completion of the monumentation



NOT TO SCALE

VICINITY MAP

TRACT MAP 31597

SEC. 22, TWP. 8S., RNG. 2W.

Supervisorial District: 3

AGREEMENT
FOR THE CONSTRUCTION OF ROAD/DRAINAGE IMPROVEMENTS

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and LS Terracina, LLC, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 31597**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to perform and complete, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all road and drainage improvements in accordance with those Road Plans for said land division which have been approved by the County Director of Transportation, and are on file in the office of the Riverside County Transportation Department, and do all work incidental thereto in accordance with the standards set forth in Riverside County Ordinance No. 461, as amended, which are hereby expressly made a part of this agreement. All the above required work shall be done under the inspection of and to the satisfaction of the County Director of Transportation, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Ten million three hundred thirty-five thousand six hundred and no/100 Dollars ($10,335,600.00)**.

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

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

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

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

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

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

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

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

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

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

County	Contractor
Construction Engineer Riverside County Transportation Dept. 2950 Washington Street Riverside, CA 92504	LS Terracina, LLC c/o Standard Pacific Corp. 355 E. Rincon Street Suite 300 Corona, Ca 92879

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

By _____

Title Martin P. Langpap, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

By _____

Title Sean Doyle, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

COUNTY OF RIVERSIDE

By _____

MARION ASHLEY
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By _____
Deputy

APPROVED AS TO FORM

County Counsel

By _____

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

Revised 09/29/09

ACKNOWLEDGMENT

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 Riverside)

On October 16, 2015 before me, Jennifer R. Johnson, Notary Public
(insert name and title of the officer)

personally appeared Martin P. Langpap and Sean Doyle,
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.

JENNIFER R. JOHNSON
Commission # 2053312
Notary Public - California
Riverside County
My Comm. Expires Jan 22, 2018

WITNESS my hand and official seal.

Signature _____ **(Seal)**

AGREEMENT
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and LS Terracina, LLC, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 31597**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a water distribution system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said distribution system, and, further, to extend main or mains from the existing supply system maintained and operated by **Rancho California Water District** to connect with the distribution system described above with all pipe laid at such a depth as to provide a full thirty-six inch (36") minimum cover from the top of the pipe to street grade, unless otherwise specified by the Director of Transportation, all in accordance with those plans and specifications which have been approved by both the County Health Director and Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Nine hundred fifty-nine thousand five hundred and no/100 Dollars ($959,500.00)**.

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

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

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

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

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

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

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

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

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

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

County

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

Contractor

LS Terracina, LLC
c/o Standard Pacific Corp.
355 E. Rincon Street Suite 300
Corona, Ca 92879

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

By _____

Title Martin P. Langpap, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

By _____

Title Sean Doyle, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

COUNTY OF RIVERSIDE

By _____
MARION ASHLEY
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By _____
Deputy

APPROVED AS TO FORM

County Counsel

By _____

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

Revised 09/29/09

ACKNOWLEDGMENT

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 Riverside)

On June 15, 2015 before me, Karen Cuttrell, Notary Public
(insert name and title of the officer)

personally appeared Martin P. Langpap and Sean Doyle,
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.

KAREN CUTTRELL
Commission # 2075995
Notary Public - California
Riverside County
My Comm. Expires Jul 27, 2018

WITNESS my hand and official seal.

Signature _____ (Seal)

AGREEMENT
FOR THE CONSTRUCTION OF SEWER SYSTEM IMPROVEMENTS

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and LS Terracina, LLC, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 31597**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a sanitary sewer system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said sanitary sewer system. Contractor further agrees to extend the main or mains from the existing sewer system maintained and operated by **Eastern Municipal Water District** to connect with the sanitary sewer system required to be constructed by this agreement. All the above required work shall be in accordance with those plans and specifications which have been approved by the Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County and accepted by the above-named agency into its sewer system. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. The estimated cost of said work and improvements is the sum of **Five hundred forty-one thousand five hundred and no/100 Dollars ($541,500.00).**

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

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

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

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

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

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

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

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

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

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

County	Contractor
Construction Engineer Riverside County Transportation Dept. 2950 Washington Street Riverside, CA 92504	LS Terracina, LLC c/o Standard Pacific Corp. 355 E. Rincon Street Suite 300 Corona, Ca 92879

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

By _____

Title Martin P. Langpap, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

By _____

Title Sean Doyle, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

COUNTY OF RIVERSIDE

By _____
MARION ASHLEY
CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By _____
Deputy

APPROVED AS TO FORM

County Counsel

By _____

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

Revised 09/29/09

ACKNOWLEDGMENT

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 Riverside)

On June 15, 2015 before me, Karen Cuttrell, Notary Public
(insert name and title of the officer)

personally appeared Martin P. Langpap and Sean Doyle,
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.

KAREN CUTTRELL
Commission # 2075995
Notary Public - California
Riverside County
My Comm. Expires Jul 27, 2018

Signature _____ (Seal)

AGREEMENT
FOR THE PLACEMENT OF SURVEY MONUMENTS

This agreement, made and entered into by and between the County of Riverside, State of California, hereinafter called County, and LS Terracina, LLC, hereinafter called Contractor.

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 31597**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to set, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all survey monuments and tie points and to furnish to the County Surveyor tie notes for said tract in accordance with the standards set forth in Riverside County Ordinance No. 461 and Section 8771 et seq. of the Business and Professions Code of the State of California. Contractor further agrees to pay, within 30 days of presentation to contractor of the final billing of any surveyor or engineer for work performed by him as provides for in Article 9 of Chapter 4, Division 2 of Title 7 of the Government Code of the State of California (commencing with Section 66495). Contractor further agrees that if payment to the surveyor or engineer is not made within 30 days, the surveyor or engineer notifies County that he has not been paid for setting the final monuments, and the Board of Supervisors, pursuant to Section 66497 of the Government Code, after providing Contractor with an opportunity to present evidence as to whether or not the surveyor or engineer has been paid, orders that payment be made by County to the engineer or surveyor, Contractor will, upon demand, and without proof of loss by County, reimburse County for any funds so expended. Notwithstanding any other provisions herein, the determination of County as to whether the surveyor or engineer has been paid shall be conclusive on Contractor, its surety, and all parties who may have an interest in the agreement or any portion thereof.

All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Surveyor, and shall not be deemed complete until approved and accepted as complete by the County. The estimated cost of said work and improvements is the sum of **Eighty-two thousand six hundred and no/100 Dollars ($82,600.00)**.

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

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

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

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

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

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

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

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

County	Contractor
Construction Engineer Riverside County Transportation Dept. 2950 Washington Street Riverside, CA 92504	LS Terracina, LLC c/o Standard Pacific Corp. 355 E. Rincon Street Suite 300 Corona, Ca 92879

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

By _____

Title Martin P. Langpap, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

By _____

Title Sean Doyle, Authorized Representative of Standard Pacific Corp., Managing Partner of LS Terracina LLC

COUNTY OF RIVERSIDE

By _____

MARION ASHLEY

CHAIRMAN, BOARD OF SUPERVISORS

ATTEST:

KECIA HARPER-IHEM,
Clerk of the Board

By _____
Deputy

APPROVED AS TO FORM

County Counsel

By _____

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

Revised 09/29/09

ACKNOWLEDGMENT

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 Riverside)

On June 15, 2015 before me, Karen Cuttrell, Notary Public
(insert name and title of the officer)

personally appeared Martin P. Langpap and Sean Doyle,
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.

KAREN CUTTRELL
Commission # 2075995
Notary Public - California
Riverside County
My Comm. Expires Jul 27, 2018

Signature _____ (Seal)

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

JACKSON|DeMARCO|TIDUS
|PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

(Space Above for Recorder's Use)

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS

AND RESERVATION OF EASEMENTS

FOR

TERRACINA

NOTE: CERTAIN DISPUTES ARISING UNDER THIS DECLARATION, INCLUDING DISPUTES CONCERNING THE DESIGN OR CONSTRUCTION OF THE COMMUNITY, SHALL BE SUBMITTED TO BINDING ARBITRATION, WHICH IS A FORM OF ALTERNATIVE DISPUTE RESOLUTION, IN ACCORDANCE WITH SECTION 12.4 AND *EXHIBIT "H."*

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS

AND RESERVATION OF EASEMENTS

FOR

TERRACINA

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS is made by LS TERRACINA, LLC, a Delaware limited liability company. The capitalized terms used in the Preamble below are defined in Article 1.

P R E A M B L E:

A. Declarant is the owner of real property (***"Phase 1"***) located in the unincorporated area of Riverside County, California, described as follows:

> Lots 118 to 122, inclusive, and Lots 131 to 133, inclusive, of Tract No. 31597, as shown on a Subdivision Map (the ***"Map"***), Filed on _____, _____, in Book ____, Pages ___ to ___, inclusive, of Maps, in the Office of the Riverside County Recorder.

B. Declarant intends to create a "planned development," which is also a "common interest development," as such terms are defined in the CID Act, and a "subdivision" as defined in Section 11000 of the California Business and Professions Code. Declarant intends to impose mutually beneficial restrictions under a general plan for subdividing, maintaining, improving and selling the Lots in the Community for the benefit of all the Lots pursuant to the CID Act. The general plan of development will include forming an owners association under the California Nonprofit Mutual Benefit Corporations Law to which will be assigned the powers of (1) owning, maintaining and administering the Common Property, (2) administering and enforcing the Governing Documents, and (3) collecting and disbursing the Assessments and charges hereinafter created. Declarant will cause such corporation to be formed to exercise such powers, as required by the CID Act. The Members of the Association will be the Owners in the Community, as further provided in Article 4 herein.

C. The Community is to be held, conveyed, encumbered, leased, used and improved subject to covenants, conditions, restrictions and easements in this Declaration, all of which are in furtherance of a plan for subdividing, maintaining, improving and selling the Lots in the Community. All provisions of this Declaration are imposed as equitable servitudes on the Community. All covenants, conditions, restrictions and easements in this Declaration shall run with and burden the Community, and be binding on and for the benefit of all of the Community and all Persons acquiring any interest in the Community.

D. It is presently contemplated that the County or County Service Area No. 143 will hold fee simple title to, or by easement, lease, encroachment, permit or license, certain areas within the Community and adjacent to the Community described herein as CSA Maintenance

Areas, and that County Service Area No. 143 will maintain the CSA Maintenance Areas. However, in the event County Service Area No. 143 may be unwilling or unable to maintain the CSA Maintenance Areas in the future, the Association shall have the obligation to accept responsibility for maintaining all of the CSA Maintenance Areas, or such portion of the CSA Maintenance Areas designated by County Service Area No. 143 if less than all, in accordance with this Declaration. Upon the transfer of maintenance responsibility to the Association, the Association shall be obligated to (1) manage and maintain any such CSA Maintenance Areas subject to the covenants, conditions and restrictions of the Governing Documents, and (2) collect Annual Assessments in the amount needed to meet its new maintenance obligations. In addition, Lots A through R, inclusive, of Tract No. 31597, as shown on the Map, are dedicated as public streets per the Map and will not be made subject to this Declaration; provided, however, that certain portions of the parkway landscaping and irrigation on these public streets will be maintained by the Association as an Association Maintenance Area and certain portions of such parking landscaping and irrigation are intended to be maintained by County Service Area No. 143 as a CSA Maintenance Area.

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 **DEFINITIONS**. Unless otherwise expressly provided, the following words and phrases when used in this Declaration have the following meanings.

1.1.1 **Anderson Easement Agreement**. Anderson Easement Agreement means that certain Easement Agreement and Agreement Regarding Improvement of Real Property (Anderson), dated August 25, 2014, and recorded on September 3, 2014, as Instrument No. 2014-0334074, in Official Records, as may be amended from time to time.

1.1.2 **Anderson Easement Area**. Anderson Easement Area means that certain portion of the Anderson Property (as defined in the Anderson Easement Agreement) shown on Exhibit "D" to the Anderson Easement Agreement, over which Declarant has a permanent nonexclusive easement for installation, maintenance, repair, replacement and restoration of drainage improvements that benefit the Community and CSA Maintenance Areas. The Anderson Easement Area is located adjacent to the Community.

1.1.3 **Annexable Territory**. Annexable Territory means the Mandatory Annexable Territory and Permissible Annexable Territory. Any references in this Declaration to Annexable Territory are references to the Mandatory Annexable Territory and Permissible Annexable Territory collectively as a whole and to portions thereof.

(a) ***Mandatory Annexable Territory***. Mandatory Annexable Territory means the real property described in ***Exhibit A*** which shall be made subject to this Declaration, as required by the County and described in Article 16. Any references in this Declaration to Mandatory Annexable Territory are references to the Mandatory Annexable Territory as a whole and to portions thereof.

(b) ***Permissible Annexable Territory***. Permissible Annexable Territory means the real property described in ***Exhibit B*** which may be made subject to this

Declaration pursuant to Article 16. Any references in this Declaration to Permissible Annexable Territory are references to the Permissible Annexable Territory as a whole and to portions thereof. Permissible Annexable Territory may become Mandatory Annexable Territory pursuant to County requirements for new tract maps, as set forth in a Supplemental Declaration.

1.1.4 **Annual Assessment**. Annual Assessment means a charge against the Owners and their Lots representing their share of the Common Expenses. The Annual Assessment is a regular assessment as described in the CID Act.

1.1.5 **Articles of Incorporation**. Articles of Incorporation mean the Articles of Incorporation of the Association currently in effect. A copy of the initial draft of the Articles of Incorporation is attached as ***Exhibit C***.

1.1.6 **Assessment**. Assessment means any Annual Assessment, Capital Improvement Assessment, Reconstruction Assessment and Special Assessment.

1.1.7 **Association**. Association means Terracina Community Association, a California nonprofit corporation (formed pursuant to the California Nonprofit Mutual Benefit Corporations Law or successor statutes), and its successors-in-interest. The Association is an "association" as defined in California Civil Code Section 4080, or its successor statutes.

1.1.8 **Association Maintenance Area**. Association Maintenance Area means those Improvements in CSA Maintenance Areas, residential Lots or other real property which are not owned in fee by the Association but which are designated for maintenance by the Association. The Association Maintenance Areas for the Community shall include the Improvements described below and depicted on ***Exhibit E*** with respect to Tract No. 31597; provided, however that maintenance of these areas shall not commence until they have been designated as an Association Maintenance Area as part of a Phase of development and the maintenance obligation has been transferred to the Association through this Declaration or a Supplemental Declaration. The maintenance obligation for the Association Maintenance Areas described below and depicted on ***Exhibit E*** shall be transferred to the Association through this Declaration or a Supplemental Declaration no later than the last Close of Escrow for the sale of all residential Lots in Tract No. 31597. Additional Association Maintenance Areas may be designated in the Permissible Annexed Territory at a future date in a Supplemental Declaration.

(a) ***Generally***. The Association Maintenance Areas in the Community shall include the following, as depicted on ***Exhibit E***:

(i) Parkway and median landscaping and irrigation equipment within a portion of the Faxon Lane right-of-way;

(ii) Parkway landscaping and irrigation equipment on portions of public roadways crossing the Community;

(iii) Slope landscaping and irrigation equipment on the side yards of certain residential Lots;

(iv) Asphalt and curb and gutter Improvements located on a certain portion of the Private Driveway (defined in Section 3.18) located on Lot 219 of Tract No. 31597;

(v) Clustered mailboxes located on certain residential Lots and Lot 219 of Tract No. 31597;

(vi) Any slope landscaping, irrigation equipment and drainage patterns on certain portions of the real property adjacent to Lot 58 of Tract No. 31597, ~~which portion shall be maintained in accordance with the Redhawk Easement Deed;~~

(vii) The structural and support components and exterior and interior surfaces of the retaining walls and geogrid retaining walls located on certain portions of Lots 207, 219 and 220 of Tract No. 31597; and

(viii) Community Monumentation on Lot 219 of Tract No. 31597.

(b) ***Association Maintenance Areas in Phase 1***. The Association Maintenance Areas in Phase 1 include parkway landscaping and irrigation equipment located within a portion of the public right-of-way, as shown on ***Exhibit F***. The Association shall be responsible for maintenance of these areas in accordance with Section 2.1.2(a).

(c) ***Association Maintenance Areas in Future Phases***. Association Maintenance Areas in each future Phase shall include the items listed in subparagraph (a) above as applicable to the Lots in such Phase. Declarant or a Neighborhood Builder, with Declarant's consent, may designate additional Association Maintenance Areas in a Notice of Addition or Supplemental Declaration.

(d) ***Association Maintenance Areas after Transfer Dates***. After any Transfer Date (if at all), Association Maintenance Area shall be defined to include any real property transferred to the Association by easement, lease, encroachment, permit or license to the Association (but not owned in fee by the Association) and for which the Association accepts maintenance responsibility pursuant to Section 2.1.2(c), 2.1.2(d), 2.1.2(e) and/or 2.1.2(f).

1.1.9 **Association Maintenance Funds**. Association Maintenance Funds means the accounts created for Association receipts and disbursements pursuant to Article 7.

1.1.10 **BMPs**. BMPs mean "Best Management Practices," which are methods, protocols and procedures for the control, reduction and prevention of storm water and pollutant runoff from the Community into storm drains and waterways. BMPs include both "site design" BMPs (which are structural or design requirements), and "post-construction" or "source control" BMPs (which include maintenance requirements and practices and procedures that must be followed by the Association and by all occupants of the Community). The BMPs applicable to the Community are specified in detail in the Water Quality Management Plan for the Community.

1.1.11 **Board or Board of Directors**. Board or Board of Directors means the Association's Board of Directors.

1.1.12 **Budget**. Budget means a written, itemized estimate of the Association's income and Common Expenses prepared pursuant to the Bylaws.

1.1.13 **Bylaws**. Bylaws mean the Bylaws of the Association as currently in effect. A copy of the initial draft of the Bylaws is attached as ***Exhibit D***.

1.1.14 **CalBRE**. CalBRE means the California Bureau of Real Estate and any department or agency of the California state government which succeeds to the CalBRE's functions.

1.1.15 **Capital Improvement Assessment**. Capital Improvement Assessment means a charge against the Owners and their Lots representing their share of the Association's cost for installing or constructing capital Improvements on the Common Area. Capital Improvements Assessments shall be levied in the same proportion as Annual Assessments. Capital Improvement Assessments are special assessments as described in the CID Act.

1.1.16 **CID Act.** CID Act means the Davis-Stirling Common Interest Development Act and its successor provisions. References in the Governing Documents to the Davis-Stirling Common Interest Development Act or the CID Act shall be deemed to refer to Division 4, Part 5 of the California Civil Code at Sections 4000 to 6150, or to subsequently enacted replacement statutes.

1.1.17 **Close of Escrow**. Close of Escrow means the date on which a deed is Recorded conveying a Lot pursuant to a transaction requiring the issuance of a Public Report by the CalBRE.

1.1.18 **Common Area**. Common Area means real or personal property owned in fee by the Association and therefore made subject to the restrictions on Common Area established in this Declaration. There is no Common Area in Phase 1 of the Community. The Access Parcels (as defined in Section 2.1.2(f) and described in ***Exhibit K***) will be designated as Common Area when they are added to the Community and made subject to this Declaration, which shall occur no later than the Close of Escrow for the sale of the last residential Lot within Tract No. 31597. Any references in this Declaration to Common Area are references to the Common Area as a whole and to portions thereof. The Common Area is "common area" as defined in California Civil Code Section 4095. Additional Common Area may be annexed to the Community pursuant to Article 16. In the event that the County Service Area is abolished by the County Board of Supervisors, or the County or County Service Area is otherwise unwilling or unable to maintain the CSA Lots (as defined in Section 1.1.26(a)), the Association has the obligation to accept fee simple title and maintenance responsibility for all of the CSA Lots if conveyed by the County or County Service Area, or such portion so conveyed if less than all, as described in Section 2.1.2(c). After the CSA Transfer Date, Common Area shall be defined to include any portion of the CSA Lots which is conveyed by the County or County Service Area in fee simple title to the Association.

1.1.19 **Common Expenses**. Common Expenses means those expenses for which the Association is responsible under this Declaration. Common Expenses include the actual and estimated costs of and reserves for maintaining, managing and operating the Common Property (including amounts incurred for maintenance imposed on the Association by this Declaration), including:

(a) Common Area and Improvements thereon, including landscaped and irrigated areas and Community Monumentation;

~~(b) After the CSA Transfer Date, CSA Maintenance Areas and~~ Improvements thereon, including landscaped and irrigated areas, detention/filtration basins, portions of a flood control channel, natural open space, a tot lot, parks, trails, storm drains, all portions of the walls that are constructed in CSA Maintenance Areas, and other Improvements or services benefitting the CSA Maintenance Area that are not maintained or performed by a County Service Area;

(c) The Association Maintenance Areas, and the cost of maintenance services and utilities including landscaping service and irrigation water (except for any water utilities costs that are the responsibility of Owners pursuant to Section 2.18);

(d) The Association's costs for compliance with the Redhawk Maintenance Agreement, including reimbursement to Redhawk Association if Redhawk Association elects to accept fee conveyance of the portions of the Access Parcels (as defined in Section 2.1.2(f)) and receive reimbursement from the Association for maintenance of the Access Parcels, as further described in Section 2.1.2(f);

(e) The cost of all utilities (including sewer and water) and mechanical and electrical equipment serving the Common Property;

(f) The costs and fees attributable to managing and administering the Association, compensating the Manager, accountants, attorneys and employees, all insurance covering the Community and the Directors, officers and agents of the Association, and bonding the members of the Board;

(g) The cost to repair damage to public utility Improvements if caused by the Association during installation, maintenance or repair of private utility Improvements;

(h) Unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments;

(i) Taxes paid by the Association;

(j) Amounts paid by the Association for discharge of any lien or encumbrance levied against the Community; and

(k) All other expenses incurred by the Association for the Community, for the common benefit of the Owners.

1.1.20 **Common Property**. Common Property means the Common Area, the Association Maintenance Areas and the Improvements constructed thereon. Any references to the Common Property are references to the Common Property as a whole and to portions thereof.

1.1.21 **Community**. Community means (a) Phase 1, and (b) each Phase described in a Notice of Addition. The Community is a "common interest development" and a "planned development" as defined in the CID Act. Any references in this Declaration to the Community are references to the Community as a whole and to portions thereof.

1.1.22 **Community Monumentation**. Community Monumentation means the monuments and related landscaping, design features and signage that provide identification or recognition of the Community. The Community is planned to include Community Monumentation on certain Common Areas and CSA Lots (as defined in Section 1.1.26(a)).

1.1.23 **Conditions of Approval**. Conditions of Approval mean the County's Conditions of Approval for Tract No. 31597 approved by the County Board of Supervisors on April 10, 2007.

1.1.24 **County**. County means Riverside County, California, and its various departments, divisions, employees and representatives.

1.1.25 **County Service Area or CSA**. County Service Area or CSA means the County, any County Service Area(s) designated by the County, or any local or municipal government entity or agency, including any community service area, special assessment district, maintenance district or community facilities district that will maintain the CSA Maintenance Areas. The County has designated County Service Area No. 143 to maintain the CSA Maintenance Areas.

1.1.26 **CSA Maintenance Area**. CSA Maintenance Area means all the real property and Improvements thereon which are held in fee simple or by easement, lease, encroachment, permit or license by the County or the County Service Area and designated as a CSA Maintenance Area by Declarant or a Neighborhood Builder (with Declarant's consent) in this Declaration, a Notice of Addition or Supplemental Declaration. The Association has the obligation to accept ***"back-up"*** maintenance responsibilities over the CSA Maintenance Area as described in Section 2.1.2(c). After the CSA Transfer Date, any CSA Maintenance Areas, or portions thereof, which are conveyed or transferred to the Association in fee simple title or by easement, lease, encroachment permit or license shall be maintained by the Association as described in Section 2.1.2 of this Declaration. The CSA Maintenance Areas for the Community shall include the real property and Improvements described below:

(a) ***CSA Lots***. "CSA Lots" mean any areas within the Community which the County has agreed to own in fee simple and which County Service Area No. 143 has agreed to maintain. The CSA Lots are CSA Maintenance Areas. The following lots are hereby designated as CSA Lots: Lots 205 to 211, inclusive, and Lots 213 to 224, inclusive, of Tract No. 31597 and the Improvements thereon, including a flood control channel, trails, water quality basins, parks, slopes, drainage facilities, lighting, landscaping (including fuel modification maintenance) and other Improvements; provided however, that the County Service Area shall not

be responsible for maintenance of any Association Maintenance Areas located within the CSA Lots.

(b) ***CSA Maintenance Areas within the Public Right-of-Way***. The CSA Maintenance Areas for the Community includes parkway landscaping and irrigation equipment located within the public right-of-way on portions of the public streets crossing and adjacent to the Community, as depicted on ***Exhibit G***.

(c) ***CSA Maintenance Areas on Residential Lots***. The CSA Maintenance Areas for the Community include maintenance of the slope landscaping and irrigation equipment on certain portions of the side yards on Lots 198 and 202 of Tract No. 31597, as depicted on ***Exhibit G***.

(d) ***CSA Maintenance Areas – Landscape and Irrigation***. The CSA Maintenance Areas for the Community include maintenance of any landscaping and irrigation equipment on certain real property located adjacent to the Community, as depicted on ***Exhibit G***. Such areas shall be maintained in accordance with the Fuel Modification Plan as currently in effect and approved for the Community. Any areas subject to the Redhawk Easement Deed shall be maintained in accordance with the Redhawk Easement Deed.

(e) ***CSA Maintenance Areas – Fuel Modification Only***. The CSA Maintenance Areas for the Community include maintenance of certain real property located adjacent to the Community in accordance with the Fuel Modification Plan as currently in effect and approved by the Riverside County Fire Department, as depicted on ***Exhibit G***. The Fuel Modification Plan may require landscaping and irrigation equipment maintenance in certain areas, among other requirements.

(f) ***Additional CSA Maintenance Areas***. Declarant or a Neighborhood Builder (with Declarant's consent and the County or County Service Area's written consent) may designate additional CSA Lots and CSA Maintenance Areas for the Permissible Annexable Territory in a Notice of Addition or Supplemental Declaration.

(g) ***Acceptance by County Service Area***. If any of the CSA Maintenance Areas set forth in this Section 1.1.26 are not accepted for maintenance by the County Service Area, the Association shall be required to maintain those CSA Maintenance Areas.

1.1.27 **CSA Transfer Date**. CSA Transfer Date means any dates on which the County or County Service Area, if at all, conveys fee simple title, or an easement, lease, encroachment, permit or license over all or a part of the CSA Maintenance Areas, to the Association and the Association becomes responsible for maintenance of such CSA Maintenance Areas, as described in Section 2.1.2(c) of this Declaration.

1.1.28 **Declarant**. Declarant means LS Terracina, LLC, a Delaware limited liability company, its successors and any Person to which it shall have assigned any of its rights by an express written assignment. As used in this Section, "successor" means a Person who acquires Declarant or substantially all of Declarant's assets by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise. Declarant shall determine in

its sole discretion the time, place and manner in which it discharges its obligations and exercises the rights reserved to it under this Declaration. Declarant is a "builder" as described in California Civil Code Section 6000.

1.1.29 **Declaration**. Declaration means this instrument as currently in effect.

1.1.30 **Design Guidelines**. Design Guidelines mean the rules or guidelines setting forth procedures and standards for submission of plans for Design Review Committee approval.

1.1.31 **Design Review Committee or Committee**. Design Review Committee or Committee means the Design Review Committee created in accordance with Article 5.

1.1.32 **Family**. Family means natural individuals, related or not, who live as a single household in a Residence.

1.1.33 **Fannie Mae**. Fannie Mae means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968 and its successors.

1.1.34 **FHA**. FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and its successors.

1.1.35 **FHFA**. FHFA means the Federal Housing Finance Agency, established pursuant to the Housing and Economic Recovery Act of 2008.

1.1.36 **Fire Behavior Report**. Fire Behavior Report means the Fire Behavior Analysis and Report for Terracina/Atherton prepared by Firesafe Planning Solutions, dated June 10, 2015, and received by the Riverside County Fire Office of the Fire Marshal on June 11, 2015. A copy of the Fire Behavior Report is available from the Association or the Riverside County Fire Office of the Fire Marshal.

1.1.37 **First Mortgage**. First Mortgage means a Mortgage with first priority over other Mortgages on a Lot.

1.1.38 **First Mortgagee**. First Mortgagee means the Mortgagee of a First Mortgage.

1.1.39 **Fiscal Year**. Fiscal Year means the fiscal accounting and reporting period of the Association.

1.1.40 **Fix-It Law**. Fix-It Law means California Civil Code Sections 895 through 945.5, and any successor statutes.

1.1.41 **Fix-It Law Claim**. Fix-It Law Claim means any claim brought by one or more Owners or by the Association against one or more Declarant Parties (as defined in

Exhibit H) or a Neighborhood Builder on any design or construction defect matters that are governed by the Fix-It Law.

1.1.42 **Freddie Mac**. Freddie Mac means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970 and its successors.

1.1.43 **Fuel Modification Plan**. Fuel Modification Plan means the Tract 31597 Precise Fuel Modification Plan prepared by Firesafe Planning Solutions, dated June 1, 2015 and approved by the Riverside County Fire Department on June 19, 2015. The Fuel Modification Plan may be amended from time to time, subject to the approval of the Riverside County Fire Department. A copy of the Fuel Modification Plan is available from the Association or the Riverside County Fire Department. Additional fuel modification plans may be prepared for the Community. As of the date this Declaration is Recorded, the foregoing Fuel Modification Plan is the only plan prepared for the Community. Once additional plans are prepared, the Association and each Owner in the Community will be subject to the requirements of those plans as they related to the Community. Additional fuel modification plans for the Community may be designated in a Supplemental Declaration.

1.1.44 **Fuel Modification Zone**. Fuel Modification Zone means an area designated as a "Fuel Modification Zone" by the Fuel Modification Plan.

1.1.45 **Ginnie Mae**. Ginnie Mae means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development and its successors.

1.1.46 **Governing Documents**. Governing Documents means this Declaration, the Articles of Incorporation, Bylaws, Design Guidelines, Rules and Regulations, Supplemental Declarations and Notices of Addition.

1.1.47 **Improvement**. Improvement means any structure and any appurtenance thereto. The Design Review Committee may identify additional items that are Improvements.

1.1.48 **Include, Including**. Whether capitalized or not, include and including means "includes without limitation" and "including without limitation," respectively.

1.1.49 **Local Government Agency**. Local Government Agency means the County, a public school district, a public water district, and any other local or municipal governmental entity or agency, including any special assessment district, maintenance district or community facilities district.

1.1.50 **Lot**. Lot means any residential Lot or parcel of land shown on any Recorded subdivision map or Recorded parcel map of the Community, except the Common Area owned in fee simple by the Association and CSA Lots owned in fee simple by the County or County Service Area.

1.1.51 **Maintain, Maintenance**. Whether capitalized or not, maintain and maintenance mean "maintain, repair and replace" and "maintenance, repair and replacement,"

respectively; provided however, that maintain or maintenance shall not include repair and replace(ment) where the context or specific language of this Declaration provides another meaning.

1.1.52 **Maintenance Guidelines**. Maintenance Guidelines means any current written guidelines, setting forth procedures and standards for the maintenance and operation of Common Property or the Lots. Maintenance Guidelines may be provided by Declarant, by a Neighborhood Builder, by the Association, or by any governmental agency. Maintenance Guidelines include any maintenance manual initially prepared at Declarant's direction and containing recommended frequency of inspections and maintenance activities for components of the Common Property or pertaining to a Residence or Lot.

1.1.53 **Manager**. Manager means the Person retained by the Association to perform management functions of the Association as limited by the Governing Documents and the terms of the agreement between the Association and the Person.

1.1.54 **Membership**. Membership means the voting and other rights, privileges, and duties established in the Governing Documents for members of the Association.

1.1.55 **Model Leaseback Agreement**. Model Leaseback Agreement means a lease or rental agreement pursuant to which the Declarant or a Neighborhood Builder is permitted to use and occupy a Model Lot as a sales model, office, design center, or for a similar purpose, after the Close of Escrow for its sale.

1.1.56 **Model Lot**. Model Lot means a Lot that is being used by Declarant or a Neighborhood Builder as a sales model, office, design center, or for a similar purpose, with or without a Model Leaseback Agreement.

1.1.57 **Model Lot Sale**. Model Lot Sale means the initial sale of a Model Lot by Declarant or a Neighborhood Builder in a transaction requiring a Final Subdivision Public Report, subject to a Model Leaseback Agreement.

1.1.58 **Model Phase**. Model Phase means a Phase that contains one or more Model Lots. A Model Phase may include one or more Production Lots in addition to the Model Lots.

1.1.59 **Mortgage**. Mortgage means any Recorded document, including a deed of trust, by which a Lot, Lots, or Common Area is hypothecated to secure performance of an obligation.

1.1.60 **Mortgagee**. Mortgagee means a Person to whom a Mortgage is made, or the assignee of the Mortgagee's rights under the Mortgage by a recorded instrument. For purposes of this Declaration, the term Mortgagee shall include a beneficiary under a deed of trust.

1.1.61 **Mortgagor**. Mortgagor means a person who has mortgaged his property. For purposes of this Declaration, the term Mortgagor shall include a trustor under a deed of trust.

1.1.62 **Neighborhood Builder**. Neighborhood Builder means a Person who is designated by Declarant as a Neighborhood Builder in a Recorded document and who acquires a portion of the Community for the purpose of developing such portion for resale to the general public or a successor to a Neighborhood Builder who acquires Neighborhood Builder or substantially all of Neighborhood Builder's assets. The term "Neighborhood Builder" does not include Declarant. Each Neighborhood Builder is a "builder" as described in California Civil Code Section 6000.

1.1.63 **Neighborhood Builder Dispute**. Neighborhood Builder Dispute means any claim or controversy (including any Fix-It Law Claim), in which the parties are limited to one or more Owners, on the one hand, and a Neighborhood Builder (or any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of Neighborhood Builder), on the other hand. Each Neighborhood Builder may adopt its own process for the disposition of Neighborhood Builder Disputes by complying with Section 12.7.

1.1.64 **Notice and Hearing**. Notice and Hearing means written notice and a hearing before the Board as provided in the Bylaws.

1.1.65 **Notice of Addition**. Notice of Addition means an instrument Recorded pursuant to Article 16 to annex additional real property to the Community.

1.1.66 **Official Records**. Official Records means the Official Records of the County.

1.1.67 **Operating Fund**. Operating Fund means that portion of the Common Expenses allocated for the daily operation of the Association.

1.1.68 **Owner**. Owner means the Person or Persons, including Declarant and any Neighborhood Builder, holding fee simple interest to a Lot. The term "Owner" includes sellers under executory contracts of sale but excludes Mortgagees. The term "Owner" may be expanded in a Supplemental Declaration to include other Persons.

1.1.69 **Party Wall**. Party Wall means any wall or fence that is constructed by Declarant or a Neighborhood Builder to separate adjacent residential Lots (whether or not constructed on the legal property boundary).

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

1.1.71 **Phase**. Phase means each of the following: (a) Phase 1, (b) all the real property covered by a Notice of Addition for which a Public Report has been issued by the CalBRE, and (c) real property consisting solely of Common Area or CSA Lots as described in a Notice of Addition or Supplemental Declaration. Declarant or Neighborhood Builder may otherwise define the term "Phase" in a Notice of Addition or Supplemental Declaration.

1.1.72 **Phase 1**. Phase 1 means all of the real property described in Paragraph A of the Preamble of this Declaration.

1.1.73 **Production Lot**. Production Lot means a Lot that is not a Model Lot.

1.1.74 **Public Report**. Public Report means a Final Subdivision Public Report issued by the CalBRE.

1.1.75 **RCTD**. RCTD means the Riverside County Transportation Department and its various departments, divisions, employees and representatives.

1.1.76 **RCTD Transfer Date**. RCTD Transfer Date means the date on which the RCTD, if at all, conveys an easement over the Anderson Easement Area to the Association and the Association becomes responsible for maintenance of the Anderson Drainage Improvements, as described in Section 2.1.2(e) of this Declaration.

1.1.77 **Reconstruction Assessment**. Reconstruction Assessment means a charge against the Owners and their Lots representing their share of the Association's cost to reconstruct any Improvements on the Common Area. Such charge shall be levied among all Owners and their Lots in the same proportions as Annual Assessments. Reconstruction Assessments are "special assessments" as described in California Civil Code Section 5605(b).

1.1.78 **Record or File**. Record or File means, with respect to any document, the entry of such document in Official Records.

1.1.79 **Redhawk Association**. Redhawk Association means Redhawk Community Association, a California non-profit mutual benefit corporation, and its successors-in-interest. The Redhawk Association is a homeowners association formed pursuant to, and in furtherance of, the purposes set forth in the Redhawk CC&Rs.

1.1.80 **Redhawk CC&Rs**. Redhawk CC&Rs means that certain Declaration of Covenants, Conditions and Restrictions of Redhawk Community Association recorded June 14, 1989, as Instrument No. 195870, and re-recorded on August 23, 1989 as Instrument No. 287342, both in the Official Records, as may have been subsequently amended from time to time.

1.1.81 **Redhawk Community**. Redhawk Community means the residential community governed and encumbered by the Redhawk CC&Rs. The Redhawk Community is located to the north of the Community.

1.1.82 **Redhawk Easement Deed**. Redhawk Easement Deed means that certain Terracina/Redhawk Slope and Drainage Easement Deed recorded on February 24, 2015, as Instrument No. 2015-0071681, in official records, as may be amended from time to time.

1.1.83 **Redhawk Maintenance Agreement**. Redhawk Maintenance Agreement means that certain Agreement Regarding Use and Maintenance of Real Property, dated October 27, 2005, and recorded on November 4, 2005, as Instrument No. 2005-0920701, in the Official Records, as may be amended from time to time.

1.1.84 **Redhawk Transfer Date**. Redhawk Transfer Date means the date on which the Redhawk Association conveys an easement over portions of the Access Parcels (as defined in Section 2.1.2(f)) and exercises its option to require the Association to maintain such portions of the Access Parcels, as further described in Section 2.1.2(f) of this Declaration.

1.1.85 **Reserve Fund**. Reserve Fund means that portion of the Common Expenses allocated (a) for the future repair and replacement of, or additions to, structural elements, mechanical equipment and other major components of Association-maintained Improvements, and (b) amounts necessary to cover the deductibles under all insurance policies maintained by the Association.

1.1.86 **Residence**. Residence means the dwelling unit constructed on a Lot, excluding the garage area, which is designed and intended for use and occupancy as a residence by a single Family.

1.1.87 **Rules and Regulations**. Rules and Regulations or "Rules" means the current rules and regulations for the Community.

1.1.88 **Special Assessment**. Special Assessment means (a) a reasonable monetary penalty imposed against an Owner and the Owner's Lot in accordance with California Civil Code Section 5725(b), as a disciplinary measure for the failure of an Owner to comply with the Governing Documents, or (b) a monetary charge imposed against an Owner and the Owner's Lot in accordance with California Civil Code Section 5725(a) to recover costs incurred by the Association for reimbursement of costs incurred in the repair of damage to the Common Property, all as further described in this Declaration.

1.1.89 **Supplemental Declaration**. Supplemental Declaration means an instrument Recorded by Declarant, or a Neighborhood Builder with Declarant's consent, against all or a portion of the Community in order to supplement, modify, or clarify conditions, covenants, restrictions or easements established under this Declaration. A Supplemental Declaration may affect one or more Lots and Common Area, and it may annex additional real property to the coverage of the Declaration so long as it satisfies the requirements of a Notice of Addition in Article 16. A Supplemental Declaration may modify this Declaration only as it applies to the property encumbered by the Supplemental Declaration.

1.1.90 **Telecommunications Facilities**. Telecommunications Facilities means Improvements constructed in the Community, including cables, conduits, ducts, vaults, connecting hardware, wires, poles, transmitters, towers, antennae and other devices now existing or that may be developed in the future to provide Telecommunication Services to the Community.

1.1.91 **Telecommunications Services**. Telecommunications Services means the reception, distribution or transmission of video, audio, data, telephony, all related vertical services, and any other similar services now existing or that may be developed in the future. Declarant or a Neighborhood Builder may expand this definition in any Supplemental Declaration.

1.1.92 **Transfer Date**. Transfer Date means any CSA Transfer Date, RCTD Transfer Date, Redhawk Transfer Date and Williams Transfer Date.

1.1.93 **VA**. VA means the Department of Veterans Affairs of the United States of America and any department or agency of the United States government which succeeds to the VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

1.1.94 **Water Quality Management Plan or WQMP**. Water Quality Management Plan or WQMP means the Water Quality Management Plan for Tract 31597, dated November 2014 which was approved by the Riverside County Flood Control and Water Conservation District on November 7, 2014 (as may be amended from time to time) that includes details of the structural and nonstructural "best management practices" or "BMPs" for the prevention and control of stormwater runoff and pollutants into public storm drains. Additional water quality management plans for the Community will be prepared on a tract by tract basis. As of the date this Declaration is Recorded, the foregoing Water Quality Management Plan is the only plan approved for the Community. Once additional plans are prepared and approved, the Association and each Owner in the Community will be subject to the requirements of those plans as they relate to the Community.

1.1.95 **Williams Easement Agreement**. Williams Easement Agreement means that certain Easement Agreement and Agreement Regarding Improvement of Real Property (Williams), dated May 13, 2014, and recorded on May 21, 2014, as Instrument No. 2014-0184573, in Official Records, as may be amended from time to time.

1.1.96 **Williams Transfer Date**. Williams Transfer Date means the date on which the County or County Service Area, if at all, conveys an easement to the Association over portions of the CSA Maintenance Areas subject to the Williams Easement Agreement and the Association becomes responsible for the Williams Agreement Maintenance, as described in Section 2.1.2(d) of this Declaration.

1.2 **INTERPRETATION**.

1.2.1 **General Rules**. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for subdividing, maintaining, improving and selling the Community. As used in this Declaration, the singular includes the plural and the plural the singular. The masculine, feminine and neuter each includes the other, unless the context dictates otherwise.

1.2.2 **Articles, Sections and Exhibits**. The Article and Section headings are inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, any references in this Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this Declaration. ***Exhibits A, B, E, F, G, H, I*** and ***J*** attached to this Declaration are incorporated in this Declaration by this reference. The Articles of Incorporation and the Bylaws that are attached as ***Exhibits C*** and ***D*** are attached for informational purposes only. Either may be amended from time to time without having to amend this Declaration. In such event, the amended version shall supersede the

version attached hereto. The locations and dimensions of any Improvements depicted on the Exhibits attached hereto and to any Notice of Addition are approximate only and the as-built location and dimension of any such Improvements shall control.

1.2.3 **Priorities and Inconsistencies**. If there are conflicts or inconsistencies between this Declaration and the Articles of Incorporation, Bylaws, or Rules and Regulations, then the provisions of this Declaration shall prevail; however, the conflicting documents shall be construed to be consistent with the Declaration to the extent possible.

1.2.4 **Supplemental Declarations**. As each Phase of the Community is developed, Declarant, or a Neighborhood Builder with Declarant's consent, may Record one (1) or more Supplemental Declarations, which may (a) supplement this Declaration with such additional covenants, conditions, restrictions, easements and land uses as Declarant or Neighborhood Builder may deem appropriate for the real property described therein or affected thereby, and (b) clarify Declarant's or a Neighborhood Builder's intent as to covenants, conditions, restrictions, easements and land uses in the real property described therein or affected thereby. The provisions of any Supplemental Declaration may impose such additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations as Declarant or a Neighborhood Builder may deem advisable, taking into account the particular requirements of the real property described therein or affected thereby. If there is a conflict between any Supplemental Declaration and the Declaration, the Supplemental Declaration shall control concerning the real property described in such Supplemental Declaration.

1.2.5 **Severability**. The provisions of this Declaration are independent and severable. If for any reason, any provision of this Declaration becomes invalid, partially invalid, unenforceable, illegal, null and void, or against public policy, or if for any reason, a court of competent jurisdiction determines that any provision of this Declaration is invalid, partially invalid, unenforceable, illegal, null and void, or against public policy, the validity and enforceability of the remaining provisions of this Declaration shall remain in effect to the fullest extent permitted by law.

1.2.6 **Statutory and Regulatory References**. All references made in the Governing Documents to statutes or regulations are to those statutes or regulations as currently in effect or to subsequently enacted replacement statutes or regulations.

1.2.7 **Transfer of CSA Maintenance Areas**. Provisions of this Declaration which describe the Association's obligations with respect to the CSA Maintenance Areas after the CSA Transfer Date shall be deemed only to refer to those portions of the CSA Maintenance Areas actually conveyed in fee simple title, or by easement, lease, encroachment, permit or license, to the Association.

ARTICLE II
MAINTENANCE COVENANTS AND USE RESTRICTIONS

The Community shall be held, used and enjoyed subject to the following restrictions and subject to the exemptions of Declarant and Neighborhood Builders set forth in the Governing Documents.

2.1 **REPAIR AND MAINTENANCE.**

2.1.1 **By Owners.**

(a) ***The Lot.*** Each Owner shall maintain all of the Owner's Lot (except for any Association Maintenance Area, CSA Maintenance Area or Improvements that are designated for maintenance by a governmental entity in a Recorded instrument or in a Governing Document), and the Residence and all other Improvements on the Owner's Lot in a clean, sanitary and attractive condition and as directed in the Governing Documents and all ~~applicable Maintenance Guidelines. Owner-maintained Improvements shall include the~~ following:

(i) Landscaping. All Owner-maintained landscaping that is visible from other Lots, Common Property or CSA Maintenance Areas shall be properly maintained, evenly cut, evenly edged, free of bare or brown spots, debris and weeds above the level of the lawn. All trees and shrubs shall be trimmed so they do not impede pedestrian traffic and root-pruned to prevent root damage to sidewalks, driveways and structures. Each Owner shall maintain any Fuel Modification Zones on Owner's Lot in accordance with the Fuel Modification Plan, as provided in Section 2.1.7.

(ii) Party Walls. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply.

(1) **Sharing of Repair and Maintenance.** The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots connected by such Party Wall. However, each Owner shall be solely responsible for repainting the side of any Party Wall facing the Owner's Lot.

(2) **Destruction by Fire or Other Casualty.** Unless covered by a blanket insurance policy maintained by the Association under Section 8.1, if a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot is affected thereby may restore it, and the Owner of the other Lot affected thereby shall contribute equally to the cost of restoration thereof, without prejudice. However, such an Owner may call for a larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions.

(3) **Weatherproofing.** Notwithstanding any other provision of this Article, an Owner who by his negligence or willful act causes a Party Wall to be exposed to the elements, to deteriorate, or to require repair or replacement shall bear the whole cost of furnishing the necessary protection against such elements or the necessary repairs or replacement.

(4) **Right to Contribution Runs With Land.** The right of any Owner to contribution from any other Owner under this Article is appurtenant to the land and passes to such Owner's successors in title.

(iii) Other Walls. Owners are solely responsible for maintaining all other walls and fences on Owner's Lot that are not Party Walls, including the structural and support components of the wall and the Residence-facing and exterior surface of the walls. If an Owner's wall or fence is located adjacent to a County-owned lot and Owner needs to enter upon the County-owned lot in order to maintain or replace Owner's wall or fence, Owner shall comply with all applicable rules and regulations of the County, which may include an obligation to secure an encroachment permit from the County in order to enter upon the County-owned lot. Graffiti abatement services may be available from the County at no cost to Owners. Owners should inquire with the County regarding any graffiti removal services that may be available.

(iv) Other Responsibilities.

(1) Each Owner shall regularly inspect the Improvements on the Lot for wood-destroying pests, and if such pests are found, the Owner shall be responsible for the costs of eradication and future prevention.

(2) Each Owner whose Lot utilizes a sewer system lateral is responsible for the maintenance and repair of the portion of the lateral lying in the boundaries of the Lot.

(v) Fire Sprinklers and Smoke Detectors. Each Owner shall regularly inspect any fire sprinklers and smoke detectors that are in the interior of the Residence, arrange for regular pressure testing of the fire sprinkler system and conduct regular inspection and testing of the smoke detectors. Keep sources of direct heat away from fire sprinklers. Owners should report any leaking or malfunctioning fire sprinklers and malfunctioning smoke detectors to the service provider designated in the Maintenance Guidelines, or if none is designated, the Owner must contact a suitable servicer immediately.

2.1.2 **By Association**. The Association shall maintain everything it is obligated to maintain in a clean, sanitary and attractive condition reasonably consistent with the level and frequency of maintenance reflected in the current adopted Budget; provided, however, that the Association shall at all times at least perform the level and frequency of maintenance specified in the applicable Maintenance Guidelines.

(a) ***Commencement of Obligations***. The Association's obligation to maintain the Common Property in a Phase composed solely of Common Property shall commence on conveyance of such Common Property to the Association either in fee or by maintenance easement. The Association's obligation to maintain the Common Property in any Phase that includes Lots commences on the date on which Annual Assessments commence on the Lots in the Phase, unless the terms of the Governing Documents applicable to the real property on which the Common Property is located provide otherwise. Until the Association is responsible for maintaining the Common Property in a particular Phase, Declarant or the applicable Neighborhood Builder shall maintain such Common Property.

(b) ***Acceptance of Common Property***. The Association must accept ownership of and maintenance responsibility for each portion of Common Property when

title and maintenance responsibility are tendered by Declarant or a Neighborhood Builder, whether in fee simple, by easement or otherwise, and the Association shall execute each deed and any accompanying escrow instructions if requested to do so by Declarant or a Neighborhood Builder, and it shall execute any bond exonerations when presented if the bonded obligations are satisfied. No Owner shall interfere with the exercise of the foregoing obligations by the Association, or with the rights or obligations of Declarant or a Neighborhood Builder.

(c) ***Backup Maintenance of CSA Maintenance Areas***. Upon agreement by the County or County Service Area, the County Service Area shall be responsible for maintaining the CSA Maintenance Areas (excluding any Association Maintenance Areas located within the CSA Lots). In the event that (i) the County Service Area is abolished by the County Board of Supervisors, or (ii) the County or the County Service Area is otherwise unwilling or unable to provide maintenance for any portion of the CSA Maintenance Areas, the Association shall have the obligation to accept fee simple title, easements, leases, encroachments, permits or licenses (as applicable) for all or a portion of the CSA Maintenance Areas and to accept responsibility for maintenance of such CSA Maintenance Areas (the ***"Backup CSA Maintenance Obligations"***). Upon commencement of the Backup CSA Maintenance Obligations, the Association shall maintain such portion of the CSA Maintenance Areas in accordance with the requirements of any recorded Instrument encumbering the CSA Maintenance Areas and any local, state, regional and federal requirements, permits, or approvals applicable to the CSA Maintenance Areas. The Backup CSA Maintenance Obligations shall be treated as a Common Expense. Until the County Service Area becomes responsible for maintaining the CSA Maintenance Areas, Declarant or the applicable Neighborhood Builder shall maintain the CSA Maintenance Areas, unless maintenance is provided by a Local Government Agency or other entity. If the County Service Area becomes unwilling or unable to accept fee simple title over the CSA Lots or to provide maintenance for any portion of the CSA Maintenance Areas prior to the transfer of same from the Declarant or Neighborhood Builder to the County Service Area, the Association shall have the obligation to accept the Backup CSA Maintenance Obligations if transferred by Declarant or a Neighborhood Builder (with Declarant's consent). This Section 2.1.2(c) may not be amended without the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest.

(d) ***Backup Maintenance Under Williams Easement Agreement.*** As part of the development of the Community, the County required Declarant to enter into the Williams Easement Agreement which obligates the Association to irrigate and maintain native vegetation planted along the Private Driveway (defined in Section 3.18) and to maintain water quality measures located on the CSA Maintenance Areas (collectively, the ***"Williams Agreement Maintenance"***). The County Service Area has agreed to accept responsibility for the Williams Agreement Maintenance, which is located within the CSA Maintenance Area on Lot 219 of Tract No. 31597. In the event that the CSA becomes unwilling or unable to provide the Williams Agreement Maintenance, the Association shall be obligated to accept an easement over such portion of Lot 219 of Tract No. 31597 and to accept maintenance responsibilities for the Williams Agreement Maintenance (the ***"Backup Williams Maintenance Obligations"***). Upon commencement of the Backup Williams Maintenance Obligations, the Association shall perform the Williams Agreement Maintenance in accordance with the Williams Easement Agreement and the Backup Williams Maintenance Obligations shall be treated as a Common Expense. Until the

County Service Area is responsible for providing the Williams Agreement Maintenance, the Declarant or applicable Neighborhood Builder shall perform the Williams Agreement Maintenance; provided, however, if the CSA becomes unwilling or unable to provide the Williams Agreement Maintenance prior to conveyance of Lot 219 of Tract No. 31597 from the Declarant to the County Service Area, the Association shall have the obligation to accept the Backup Williams Maintenance Obligations if transferred by Declarant or a Neighborhood Builder (with the consent of Declarant).

(e) ***Backup Maintenance of Anderson Easement Area***. As part of the development of the Community, the County required Declarant to enter into the Anderson Easement Agreement which obligates the Association to maintain, repair and replace certain drainage improvements (***"Anderson Drainage Improvements"***) located within the Anderson Easement Area. The Riverside County Transportation Department (***"RCTD"***) has agreed to accept maintenance responsibility of the Anderson Drainage Improvements. In the event that the RCTD becomes unwilling or unable to provide maintenance for the Anderson Drainage Improvements, the Association shall be obligated to accept an easement for the Anderson Easement Area and to accept maintenance responsibility for the Anderson Drainage Improvements (the ***"Backup Anderson Maintenance Obligations"***). Upon commencement of the Backup Anderson Maintenance Obligations, the Association shall maintain the Anderson Drainage Improvements in accordance with the Anderson Easement Agreement and the Backup Anderson Maintenance Obligations shall be treated as a Common Expense. Until the RCTD is responsible for maintaining the Anderson Drainage Improvements, the Declarant or applicable Neighborhood Builder shall maintain the Anderson Drainage Improvements; provided, however, that if RCTD becomes unwilling or unable to provide maintenance for the Anderson Drainage Improvements prior to transfer of such obligation from the Declarant to the RCTD, the Association shall have the obligation to accept the Backup Anderson Maintenance Obligations if transferred by Declarant or a Neighborhood Builder (with the consent of Declarant).

(f) ***Redhawk Maintenance Agreement***. Pursuant to the Redhawk Maintenance Agreement, upon request from the Redhawk Association, the Association shall convey fee title to the Redhawk Association over those portions of the "Access Parcels" (as described on Exhibit K, the ***"Access Parcels"***) conveyed to the Association by Declarant or a Neighborhood Builder. Following such conveyance, the Association shall comply with the terms of the Redhawk Maintenance Agreement, which provides that the Redhawk Association shall have the option to either (1) maintain the Community Monumentation located on the Access Parcels and require the Association to reimburse Redhawk Association for the fair and reasonable costs and expenses which Redhawk Association incurs from time to time maintaining such Improvements, or (2) allow the Association to continue to maintain the Community Monumentation located on the Access Parcels at its own expense. Concurrently with the conveyance of the portions of the Access Parcels to Redhawk Association, and pursuant to the terms of the Redhawk Maintenance Agreement, the Association shall be required to execute a commercially reasonable easement and cost sharing agreement with Redhawk Association which (i) grants the Association a permanent easement to enter upon the Access Parcels for the purpose of maintaining the Community Monumentation if Redhawk Association does not desire to undertake maintenance thereof or if Redhawk Association does elect to undertake maintenance but fails to adequately do so, and (ii) obligates the Association to reimburse Redhawk Association for the fair and reasonable costs and expenses which Redhawk Association incurs

from time to time maintaining such Improvements. The Association's costs for compliance with the Redhawk Maintenance Agreement, including reimbursement to Redhawk Association if Redhawk Association elects to accept fee conveyance of the portions of the Access Parcels and receive reimbursement from the Association for maintenance of the Access Parcels, shall be treated as a Common Expense.

(g) ***Maintenance Requirements for Certain Improvements.*** Unless specifically provided in any Maintenance Guidelines or any local, state, regional and federal requirements, permits, or approvals, the Board shall determine, in its sole discretion, the level and frequency of maintenance of the Common Property. The Association shall be responsible for maintaining the Common Property and for all other maintenance not provided by the Owners pursuant to Section 2.1.1 above or by a Local Government Agency or utility provider.

(i) Landscaping. All Association-maintained landscaping that is visible from Lots or from the Common Area shall be properly maintained, evenly cut, evenly edged, free of bare or brown spots, debris and weeds above the level of the lawn. All trees and shrubs shall be trimmed so they do not impede pedestrian traffic along the walkways. All trees shall also be root-pruned to eliminate exposed surface roots and damage to sidewalks, driveways and structures.

(ii) Fuel Modification Zones. The Association shall be responsible for maintenance of the Common Area and Association Maintenance Areas in compliance with the Fuel Modification Plan, as provided in Section 2.1.7.

(iii) Additional Items. The Association shall also be responsible for maintaining any Improvements that a majority of the voting power of the Association designates for maintenance by the Association. Such Improvements shall be deemed Association Maintenance Areas and subject to provisions of the Governing Documents that are applicable to the Common Property.

2.1.3 **Inspections.** The Board shall periodically cause a compliance inspection of the Community to be conducted by the Design Review Committee to report any violations thereof. The Board shall also cause condition inspections of the Common Property and all Improvements thereon to be conducted in conformity with the applicable Maintenance Guidelines, and in the absence of inspection frequency recommendations in any applicable Maintenance Guidelines at least once every three (3) years, in conjunction with the inspection required for the reserve study to be conducted pursuant to the requirements of the Bylaws, to (a) determine whether the Common Property is being maintained adequately in accordance with the standards of maintenance established in Section 2.1, (b) identify the condition of the Common Property and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (c) recommend preventive actions which may be taken to reduce potential maintenance costs to be incurred in the future. The Board shall, during its meetings, regularly determine whether the recommended inspections and maintenance activities set forth in any applicable Maintenance Guidelines have been followed and, if not followed, what corrective steps need to be taken to assure proper inspections and maintenance of the Common Property.

The Board shall keep a record of such determinations in the Board's minutes. The Board shall keep Declarant and Neighborhood Builders fully informed of the Board's activities under this Section 2.1.3. The Board shall employ, consistent with reasonable cost management, such experts, contractors and consultants as are necessary to perform the inspections and make the reports required by this Section.

2.1.4 **Reporting Requirements**. The Association shall prepare a report of the results of the inspection required by this Section (each, a ***"Condition Report"***). The Condition Report shall be furnished to Owners, Declarant and any Neighborhood Builder within the time set for furnishing the Budget to the Owners. The Condition Report must include at least the following:

(a) a description of the condition of the Common Property, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;

(b) a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;

(c) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;

(d) a summary of all reports of inspections performed by any expert or consultant employed by the Association to perform inspections;

(e) a report of the status of compliance with the maintenance, replacement and repair needs identified in the inspection report for preceding years; and

(f) such other matters as the Board considers appropriate.

For a period of ten (10) years after the date of the last Close of Escrow in the Community, the Board shall also furnish to Declarant and any Neighborhood Builder (a) the Condition Report performed for the Board, whenever such inspection is performed and for whatever portion of the Common Property that is inspected, within thirty (30) days after the completion of such inspection, and (b) the most recent Condition Report prepared for any portion of the Common Property, no later than the date that is ten (10) days after the Association receives Declarant's or a Neighborhood Builder's written request.

2.1.5 **Damage by Owners**. Each Owner is liable to the Association for all damage to the Common Property that is sustained due to the negligence or willful act of the Owner, the Owner's Family, tenants or invitees, and any other Persons who derive their use of the Common Property from the Owner or from the Owner's Family, tenants or invitees. The Association may, after Notice and Hearing, levy a Special Assessment against the Owner representing a monetary charge imposed as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Property and facilities for which the Owner or the Owner's Family, tenants or invitees were responsible. The amount of the Special Assessment may include (a) the amount of any deductible payable on the insured portion of the loss (if the Association elects to make a claim under its insurance policy), (b) all costs and

expenses actually incurred by the Association to correct damage that is not covered by the Association's insurance or for which no claim has been made, and (c) the amount of the increase in premiums payable by the Association, to the extent the increase is directly caused by damage that was attributed to the Owner or the Owner's Family, tenants or invitees. In accordance with the CID Act, the Association shall have the power to impose a lien for the foregoing Special Assessment. If a Lot is jointly owned, the liability of its Owners for damage to the Common Property is joint and several, except to the extent that the Association and the joint Owners have otherwise agreed in writing.

2.1.6 **Stormwater Pollutant Control.**

(a) ***Stormwater Pollutant Control.*** The Community is subject to all federal, state and local requirements of the National Pollutant Discharge Elimination System (***"NPDES"***), adopted in accordance with the Federal Clean Water Act. In 1999, the California State Water Resources Control Board (***"SWRCB"***) enacted a new statewide General Permit for Storm Water Discharges Associated with Construction Activity (the ***"General Permit"***). The General Permit imposes a comprehensive series of requirements on developers and builders to file a Water Quality Management Plan with the Regional Water Quality Control Board that sets forth BMPs for the design, implementation and maintenance of measures to mitigate or eliminate pollutants in storm water discharges from the Community both during and after construction of the Residences. The Association and the Owners shall comply with all applicable NPDES requirements and post-construction BMPs that may apply to the Community, that are not provided by a County Service Area or Local Government Agency. The cost of the Association's maintenance of and compliance with post-construction BMPs applicable to the Common Property shall be treated as a Common Expense.

The Water Quality Management Plan for the Community contains specific maintenance requirements for post-construction operation of the BMPs. The Association shall be responsible for making copies of the Water Quality Management Plan available for Owners of the Community. BMPs must be followed by the Owners concerning their Lot and by the Association concerning any Common Property that is not provided by a County Service Area or Local Government Agency. The BMPs are applicable and enforceable in addition to any local ordinances established by the County and any Maintenance Guidelines imposed by the Declarant or Association relating to discharge of non-storm water into storm drains. The BMPs for the Community are set forth in the Water Quality Management Plan and include among others, (a) the Association's distribution of training and educational materials to Owners upon first occupancy and yearly thereafter, (b) the development of activity restrictions by the Association regarding activities which may have a negative impact on storm water quality, including but not limited to, requiring that trash receptacle lids be closed at all times and prohibiting blowing, sweeping or hosing debris into streets, storm drain inlets or other conveyances, (c) regular landscape maintenance, and (d) removal of sediment and inspection of piping clean outs before and after each rainy season. BMPs are also addressed in Section 17.3 of this Declaration.

2.1.7 **Fuel Modification Zones.** Certain areas within the Community and in CSA Maintenance Areas include Fuel Modification Zones as depicted on the Fuel Modification Plan. In accordance with the Fuel Modification Plan, Owners of Lots within the Community are

responsible for all required fuel treatment and fire protection measures on their respective Lots (except for any areas designated for maintenance by the Association or County Service Area), including compliance with the landscaping, irrigation, maintenance, inspection and other requirements as specified by the Fuel Modification Plan. The Association is responsible for all required fuel treatment and fire protection measures on the Common Area and Association Maintenance Areas, including compliance with the landscaping, irrigation, maintenance, inspection and other requirements as specified by the Fuel Modification Plan. The County Service Area will be responsible for maintenance of any CSA Maintenance Areas in accordance with the Fuel Modification Plan. Upon commencement of the Backup CSA Maintenance Obligations, the Association shall maintain such portion of the CSA Maintenance Areas in accordance with the requirements of the Fuel Modification Plan. The Association and Owners should refer to the Fuel Modification Plan and Fire Behavior Report for the Approved Plant Palette and Undesirable Plant List within the specific Fuel Modification Zones. In accordance with the Fuel Modification Plan, as an Owner's Lot is transferred, Owners are responsible for disclosing the location and regulations of Fuel Modification Zones located on their respective Lot to the new Owners. The Association shall maintain a copy of the Fuel Modification Plan and approved landscaped plans for the Community and shall forward copies of such plans to any new Manager.

(a) ***Enforcement by the Riverside County Fire Department.*** In accordance with the Fuel Modification Plan, the Riverside County Fire Department (the ***"Fire Department"***) is hereby designated as an intended third party beneficiary of the Association's duties to maintain the Common Area and Association Maintenance Areas in compliance with the requirements of the Fuel Modification Plan, and of each Owner's duty to comply with the requirements of Fuel Modification Plan applicable to such Owner's Lot (except for any areas designated for maintenance by the Association or County Service Area). In furtherance thereof, the Fire Department shall have the right, but not the obligation, to enforce the performance by the Association of its duties and any other fire prevention requirements which were imposed by the Fire Department or other public agency as a condition of approval for the Community (e.g., prohibition of parking in fire lanes, maintenance of the blue reflective markers indicating the location of fire hydrants, etc.) and shall also have the right, but not the obligation, to enforce compliance by any Owner with any Fuel Modification Zone restrictions applicable to such Owner's Lot as set forth in the Fuel Modification Plan. If, in its sole discretion, the Fire Department shall deem it necessary to take legal action against the Association or any Owner to enforce such duties or other requirements, and prevails in such action, the Fire Department shall be entitled to recover the full costs of said action including its actual attorneys' fees, and to impose a lien against the Common Area, or an Owner's Lot, as the case may be, until said costs are paid in full..

2.2 **SINGLE-FAMILY DWELLING.** The Residence shall be used as a residential dwelling for a single Family and for no other purpose.

2.3 **FURTHER SUBDIVISION.** Except as otherwise provided in this Declaration, no Owner may physically or legally subdivide the Owner's Lot in any manner, including dividing such Owner's Lot into time-share estates or time-share uses. This provision does not limit the right of an Owner to rent or lease the Lot pursuant to Section 2.4 below.

2.4 **LEASING AND RENTAL.**

2.4.1 **Leasing or Rental to Declarant or a Neighborhood Builder.** Nothing in this Declaration shall be deemed to prevent an Owner from leasing or renting the Lot to Declarant or a Neighborhood Builder for use as sales offices, model home, parking area or for other residential or non-residential purposes. Declarant and Neighborhood Builders may not lease any portion of the Common Area to the Owners or the Association.

2.4.2 **Leasing or Rental to Non-Declarant Parties.** Nothing in this Declaration shall be deemed to prevent an Owner from leasing or renting the Lot for residential occupancy by a single Family, provided that: (i) the terms of the lease or rental agreement are set out in a written lease or rental agreement; (ii) the lease or rental agreement is expressly made subject to this Declaration and the other Governing Documents of the Community; (iii) the lease or rental agreement shall be for a term of not less than thirty (30) days; (iv) the lessor or landlord shall not provide any services normally associated with transient occupancy (including hotel, inn, bed & breakfast, vacation rental, time-share or similar temporary lodging); and (v) the lease or rental agreement shall provide that all lessees, tenants, and their Families, agents and invitees are bound by the Governing Documents when present in the Community, and any violation of the Governing Documents by a lessee, tenant or their Families, agents or invitees also constitutes a default under the lease or rental agreement.

2.5 **RESALE.** Nothing in this Declaration shall be deemed to prevent an Owner from (a) transferring or selling the Lot, either to a single Person, or to more than one (1) Person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property (the terms of such transfer shall be subject to any Owner occupancy or anti-speculation requirements that may be separately imposed by Declarant or Neighborhood Builder).

2.6 **BUSINESS AND COMMERCIAL ACTIVITIES.**

2.6.1 **Generally.** No Owner or other occupant of the Community may undertake any activity in any Lot nor use any portion of the Common Area, for any business, commercial or non-residential purposes, nor for any other purpose that is inconsistent with the Governing Documents. Such purposes include manufacturing, storage, vending, auctions, vehicle or equipment repair, entering into any lease or rental agreement under which the Residence would be occupied by numbers of persons in excess of the maximum occupancy permitted under applicable law, and transient occupancy of the Residence (such as hotel, inn, bed & breakfast, vacation rental, time-share or similar temporary lodging). Any lease or rental agreement for a term of fewer than thirty (30) days, and any lease or rental agreement pursuant to which the lessor provides any services normally associated with transient occupancy, shall be deemed to be for transient purposes and prohibited under this Declaration. All of the foregoing activities are prohibited whether they are engaged in full-time or part-time, whether they are for-profit or non-profit, and whether they are licensed or unlicensed.

2.6.2 **Exceptions.** This Section shall not be interpreted to prohibit any of the following:

(a) The hiring of employees or contractors to provide maintenance, construction or repair services that are consistent with the Governing Documents;

(b) Rental or leasing of a Lot to Declarant or a Neighborhood Builder for use as a sales office, model homes or parking area for any period of time;

(c) Exercise by Declarant or a Neighborhood Builder of any rights reserved to it under Article 15;

(d) The provision of in-home health care or assisted-living services to any resident of the Community;

(e) The provision of family home child care services as defined in California Health and Safety Code Section 1597.40, *et seq.*, so long as such services comply with all applicable state and local laws, including licensing, inspection and zoning requirements. Provided, however, that the Association has the power to limit or prohibit use of parks, recreational facilities and other common amenities in the Common Area by clientele of the business;

(f) Small home-based service businesses that comply with all of the following:

(i) The operator of the business lives in the Residence on a permanent, full-time basis;

(ii) When conducted in the Community, business activities take place solely inside the Residence;

(iii) Visits by clientele or suppliers are limited to regular business hours and clientele and suppliers park their vehicles only in the driveway or garage of the Residence;

(iv) The business complies with all laws, regulations and ordinances applicable to the Community, including zoning, health and licensing requirements;

(v) The business otherwise complies with the Declaration and is consistent with the residential character of the Community;

(vi) The operator of the business posts no business-related signage anywhere in the Community;

(vii) Other than visits by clientele or suppliers, there is no visible evidence in the Community of the business;

(viii) The business does not generate noise or odors that are apparent outside the Residence; and

(ix) The business does not increase the Association's liability or casualty insurance obligation or premium.

(g) Other activities that have been determined by governmental authorities to be consistent with the single-family residential uses in the Community, including, for example, residential care facilities that are operated in accordance with California Health and Safety Code Section 1566.5.

2.7 **NUISANCES**. Noxious or offensive activities are prohibited in the Community and on any street abutting or visible from the Community. The Board is entitled to determine if any device, noise, odor, or activity constitutes a nuisance.

2.7.1 **Nuisance Devices**. Nuisance devices may not be kept or operated in the Community or on any public street abutting the Community, or exposed to the view of other Lots, Common Property or CSA Maintenance Area. Nuisance devices include the following:

(a) All horns, whistles, bells or other sound devices (except security devices used exclusively to protect the security of a Residence or a vehicle and its contents);

(b) Noisy or smoky vehicles, power equipment (excluding lawn mowers and other equipment used in connection with ordinary landscape maintenance), and Restricted Vehicles (defined below);

(c) Devices that create or emit loud noises or noxious odors;

(d) Construction or demolition waste containers (except as permitted in writing by the Committee);

(e) Devices that unreasonably interfere with television or radio reception to a Lot;

(f) Plants or seeds infected with noxious insects or plant diseases;

(g) The presence of any other thing in the Community which may (i) increase the rate of insurance in the Community, (ii) result in cancellation of the insurance, (iii) obstruct or interfere with the rights of other Owners or the Association, (iv) violate any law or provisions of the Governing Documents, or (v) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.7.2 **Nuisance Activities**. Nuisance activities may not be undertaken in the Community or on any street abutting the Community, or exposed to the view of other Lots, Common Property or CSA Maintenance Area without the Board's prior written approval. Nuisance activities include the following:

(a) Hanging, drying or airing clothing, fabrics or unsightly articles in any place that is visible from other Lots, Common Property, CSA Maintenance Area or public streets;

(b) The creation of unreasonable levels of noise from parties, recorded music, radios, television or related devices, or live music performance;

(c) The creation of unreasonable levels noise from a barking dog or other animal kept in the Community (*e.g.,* chronic daily nuisance barking by a dog over extended periods of time);

(d) Repair or maintenance of vehicles or mechanical equipment, except in a closed garage or rear yard screened from view by other Lots, Common Property and ~~CSA Maintenance Area~~;

(e) Outdoor fires, except in barbecue grills and fire pits designed and used in such a manner that they do not create a fire hazard;

(f) Outdoor storage of bulk materials or waste materials except in temporary storage areas designated by the Committee.

(g) Any activity which may (i) increase the rate of insurance in the Community, (ii) result in cancellation of the insurance, (iii) obstruct or interfere with the rights of other Owners, (iv) violate any law or provisions of the Governing Documents, or (v) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.8 **SIGNS**. Subject to California Civil Code Sections 712, 713 and 4710, no sign, advertising device or other display of any kind shall be displayed in the Community or on any public street in or abutting the Community except for the following signs:

2.8.1 entry monuments, community identification signs, and traffic or parking control signs maintained by the Association;

2.8.2 for each Lot, one (1) nameplate or address identification sign which complies with Design Review Committee rules;

2.8.3 for each Lot, one (1) sign advising of the existence of security services protecting a Lot which complies with Design Review Committee rules;

2.8.4 for each Lot, one (1) sign advertising the Lot for sale or lease that complies with the following requirements:

(a) the sign has reasonable design and dimensions (which shall not exceed eighteen (18) inches by thirty (30) inches in size), provided the sign is promptly removed at the close of the resale escrow or the lease, or upon the Owner's withdrawal of the Lot from the resale or lease market;

(b) the sign is of a color, style and location authorized by the Design Review Committee;

2.8.5 for each Lot, a noncommercial sign, poster, flag or banner must comply with the following requirements:

(a) a noncommercial sign or poster must not be more than nine (9) square feet in size and a noncommercial flag or banner must not be more than fifteen (15) square feet in size; and

(b) a noncommercial sign, poster, flag or banner may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces.

2.8.6 other signs or displays authorized by the Design Review Committee.

2.9 **HOLIDAY DECORATIONS**. Outdoor holiday decorations, or indoor holiday decorations that are visible from the outside, shall be limited to a reasonable period of time prior to the date of the holiday, as determined by the Association in the Rules and Regulations, and shall be removed within no more than fourteen (14) days after such holiday, unless prior written authorization has been granted by the Association to remove them at a later date; provided however that winter holiday decorations may be placed no earlier than November 15 and must be removed no later than January 15 of each year.

2.10 **PARKING AND VEHICULAR RESTRICTIONS.**

2.10.1 **Definitions**. The following definitions shall apply to parking and vehicular restrictions set forth in this Declaration:

2.10.2 **Authorized Vehicle**. An "Authorized Vehicle" is an automobile, a passenger van designed to accommodate ten (10) or fewer people, a motorcycle, or a pickup truck having a manufacturer's rating or payload capacity of one (1) ton or less. The Association has the power to identify additional vehicles as Authorized Vehicles in the Rules and Regulations in order to adapt this restriction to other types of vehicles that are not listed above.

2.10.3 **Restricted Vehicles**. The following vehicles are "Restricted Vehicles:" (a) large commercial-type vehicles (for example, stake bed trucks, tank trucks, dump trucks, step vans, and concrete trucks), (b) buses, limousines or vans designed to accommodate more than ten (10) people, (c) inoperable vehicles or parts of vehicles, (d) aircraft, (e) boats, jet skis and other water craft, (f) trailers (for example, trailers designed for horses, boats, motorcycles or other equipment or materials), (g) motor homes and recreational vehicles (for example, fifth-wheels, folding camping trailers, travel trailers, but not including van conversions and truck campers), (h) any vehicle or vehicular equipment deemed a nuisance by the Association, and (i) any other vehicle that is not classified as an Authorized Vehicle. If a vehicle qualifies as both an Authorized Vehicle and a Restricted Vehicle, then the vehicle is presumed to be a Restricted Vehicle, unless the vehicle is expressly authorized in writing by the Association. The Association has the power to identify additional vehicles as Restricted Vehicles in the Rules and Regulations to adapt this restriction to other types of vehicles that are not listed above.

2.10.4 **Parking Restrictions**.

(a) ***Driveways***. If an Authorized Vehicle will not fit in a garage it may be parked in the driveway, provided that the Authorized Vehicle does not encroach onto the sidewalk or other public or private right-of-way.

(b) ***Restricted Vehicles***. No Restricted Vehicle may be parked, stored or kept in the Community except for periods of twenty-four (24) hours or less in any 7-day period during loading, unloading, or emergency repairs. However, a resident may park a Restricted Vehicle in a fenced side yard if the Restricted Vehicle is screened from view by other Lots and Common Area, or in the garage so long as the garage is kept closed and the presence of the Restricted Vehicle does not prevent at least one (1) Authorized Vehicle from being parked in the garage at the same time.

(c) ***Garage Parking***. Each Owner shall at all times ensure that the garage physically accommodates at least the number of Authorized Vehicles for which it was originally constructed by Declarant or a Neighborhood Builder. The garages shall be used for parking of vehicles and storage of personal property only. No garage may be used for any dwelling, commercial, recreational, or other purpose. Garage doors must be kept closed except as necessary for entry or exit of vehicles or Persons.

2.10.5 **Repair, Maintenance and Restoration**. No Person may repair, maintain or restore any vehicle in the Community, unless the work is conducted in the garage with the garage door closed. However, no Person may carry on in any portion of the Community any vehicle repair, maintenance or restoration business.

2.10.6 **Enforcement**. The Board has the right and power to enforce all parking and vehicle use regulations applicable to the Community, including the removal of violating vehicles from, streets and other portions of the Community in accordance with California Vehicle Code Section 22658 or other applicable laws. The County may, but is not required to, enforce such restrictions, rules and regulations, in addition to applicable laws and ordinances.

2.10.7 **Regulation and Restriction by Board**. The Board has the power to: (a) establish additional rules and regulations concerning parking in the Common Area, including designating "parking," "guest parking," and "no parking" areas; (b) prohibit any vehicle parking, operation, repair, maintenance or restoration activity in the Community if it determines in its sole discretion that the activity is a nuisance; and (c) promulgate rules and regulations concerning vehicles and parking in the Community as it deems necessary and desirable.

2.10.8 **Guest Parking**. The Board has the power to designate some of the parking spaces for temporary use by invitees of residents only. No resident of the Community may park any vehicle or leave any other property in any guest space. Guest parking spaces are unreserved and unassigned, and they are available on a strict first-come-first-served basis. Unless more restrictive rules are promulgated by the Board, no guest may occupy the same guest parking space more than seventy-two (72) hours in any seven (7) day period.

2.11 **ANIMAL REGULATIONS.**

2.11.1 **General Restrictions on Numbers and Types of Animals**. No commercial or farm livestock, including poultry, may be kept in the Community. Subject to local ordinances and such rules and regulations as may be adopted by the Board, no person may keep more than three (3) dogs or three (3) cats or two (2) dogs and one (1) cat or one (1) dog and

two (2) cats in a Residence. In addition to dogs and cats, but subject to local ordinances and such Rules and Regulations as may be adopted by the Board, residents may keep in the Residence reasonable numbers of small household pets that live in containers or cages, including fish and birds, so long as there is no external evidence of their presence in the Community. Notwithstanding the foregoing, no person may bring or keep in the Community any dog that satisfies the definition of "vicious dog" under the Potentially Dangerous and Vicious Dogs Law at California Food and Agriculture Code Section 31601, *et seq.*, nor any animal that is determined by the Board to be a nuisance to other residents in the Community. The Board has the power and discretion to determine whether the types or numbers of any animals kept in a Residence are a nuisance, and the Board shall have the power to abate the nuisance through any legal procedure that is available to the Association.

2.11.2 **Animal Keeping Areas**. Animals belonging to Owners, tenants, residents or guests in the Community must be kept in the Residence or in fenced areas of the Lot. Whenever outside the enclosed area of the Lot, animals must be kept under the control of a Person capable of controlling the animal either on a leash or other appropriate restraint or carrier.

2.11.3 **Owner Responsibility**. The Owner of the Lot shall be solely responsible for ensuring that there is no external evidence of the presence of any animals kept by the Owner or by the other residents of the Lot (including unreasonable noise or noticeable odor). Furthermore, each Owner shall be absolutely liable to each and all other Owners, their Families, tenants, residents and guests for damages or injuries caused by any animals brought or kept in the Community by an Owner, by members of the Owner's Family, or by the Owner's guests, tenants or invitees. Each Owner shall immediately remove any excrement or clean other unsanitary conditions caused by such Owner's animals on any portion of the Community.

2.12 **ANTENNA AND SATELLITE DISH RESTRICTIONS**. No Person may install on any Lot any antenna, satellite dish or other over-the-air receiving device unless it meets the definition of an "Authorized Antenna" below and is installed in accordance with the following restrictions:

2.12.1 **Definition**. An Authorized Antenna is (a) an antenna designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one (1) meter or less in diameter, (b) an antenna designed to receive video programming service, including multi-channel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, and is one (1) meter or less in diameter or diagonal measurement, (c) an antenna designed to receive television broadcast signals, or (d) an antenna used to receive and transmit fixed wireless signals. The foregoing definition is not intended to prohibit cordless or wireless telephones, PDAs, computers, wireless home data networking equipment or other portable wireless data or telephony devices that do not otherwise constitute a nuisance device under the Governing Documents.

2.12.2 **Masts**. An Authorized Antenna may be mounted on a mast to reach the height needed to receive an acceptable quality signal, subject to Local Government Agency permitting requirements for safety purposes. No mast shall be installed in such a way that it overhangs a neighboring Lot or Common Area, or poses a threat of damage to property or injury to persons.

2.12.3 **Preferred Installation Locations and Restrictions on Installation.** Rooftops or fascia boards at the rear of the Residence are the preferred installation location in the Community. The Committee may adopt reasonable restrictions on installation and use of an Authorized Antenna as part of its Design Guidelines in order to minimize visibility of the Authorized Antenna from other Lots. Such restrictions may designate one (1) or more additional preferred installation locations, or require camouflage such as paint (subject to the antenna manufacturer's recommendations) or screening vegetation or other Improvements. However, no restriction imposed by the Committee may (a) unreasonably delay or prevent the installation, maintenance or use of an Authorized Antenna, (b) unreasonably increase the cost of the installation, maintenance or use of an Authorized Antenna, or (c) preclude acceptable quality reception.

2.12.4 **Prohibitions on Installation.** The Committee may prohibit the installation of an Authorized Antenna in a particular location if, in the Committee's opinion, the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Committee. The Committee may also prohibit an Owner from installing an Authorized Antenna on any real property which such Owner does not own or is not entitled to exclusively use or control under the Governing Documents, including the Common Area or any other property outside the Owner's Lot. The Committee also has the power to prohibit or restrict the installation of any antenna or other over-the-air receiving device that does not meet the definition of an Authorized Antenna as set forth above.

2.12.5 **Review after Installation.** The Committee may review the location and installation of an Authorized Antenna after it is installed. After its review, the Committee may require that the Authorized Antenna be moved to a preferred location (if one has been designated) for safety reasons or to comply with reasonable restrictions subject to this Section and applicable law. Approvals shall not be unreasonably withheld or delayed but may include restrictions which do not significantly increase the cost of installation, maintenance or use of the device, or significantly decrease its efficiency or performance or preclude reception of an acceptable quality signal) and in compliance with all applicable ordinances of the County, California statutes (e.g., California Civil Code Section 4725), and federal regulations, as each may be amended or revised.

2.12.6 **Restatement of Applicable Law.** This Section is intended to be a restatement of the authority granted to the Committee under the law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna or over-the-air receiving device shall be interpreted to amend, modify, restate or interpret this Section.

2.13 **TRASH.** Trash and recyclables must be stored in closed sanitary containers. No trash, recyclable materials or containers may be stored in view of other Lots or the Common Area, except that closed containers may be set out at curbside for a reasonable period of time on trash collection days (not to exceed twelve (12) hours before and after scheduled trash collection hours). At all other times, Owners must store closed containers in the garage or in a fenced yard area, out of sight of other Lots and Common Area, until scheduled collection times.

2.14 OWNER-INSTALLED IMPROVEMENTS.

2.14.1 **Outdoors.** No Person shall install any permanent outdoor Improvements on a Lot if the Improvements are visible from other Lots, or from the streets or the Common Area, without the prior written approval of the Design Review Committee obtained in accordance with Article 5 and the Rules and Regulations. Examples of outdoor Improvements that require prior Committee approval include the following:

(a) Roof-mounted equipment, including heating, ventilation and air conditioning equipment, vents or ducts. In accordance with the Conditions of Approval for the Community, roof-mounted mechanical equipment shall not be permitted within the Community; provided, however, that solar equipment or any other energy saving devices shall be permitted with County Planning Department approval and written approval of the Design Review Committee obtained in accordance with Article 5 and the Rules and Regulations;

(b) Screening structures that are intended to hide roof-mounted Improvements (such Improvements may be hidden from view only by extension of the main structure);

(c) Modifications to the building exteriors including room additions, second-story additions or other cosmetic or structural changes in the architectural elements of the Residence;

(d) Permanently installed athletic equipment, including freestanding basketball standards, backboards attached to a Residence or any other Improvement on a Lot, soccer goals, hockey goals, skate ramps or other such Improvements. However, portable athletic equipment (such as movable basketball standards, soccer goals, hockey goals and skate ramps) may be used in yards or driveways or in other areas authorized in writing by the Board, but when not in use they must be brought indoors or stored out of the view of streets, other Lots and Common Area;

(e) Sunshades, awnings or patio covers, if visible from other Lots, Common Area, or streets;

(f) Accessory structures such as sheds, barns and casitas;

(g) Paint or other surface finishes (unless the paint or finish used is the same as originally used by Declarant or Neighborhood Builder on the Improvement or the same as previously approved in writing by the Committee);

(h) Front yard or parkway landscaping and hardscape, including flatwork, fences or walls, or statuary, if visible from other Lots, Common Area or streets; and

(i) Rear yard landscaping and hardscape, including flatwork and fences or walls.

The foregoing list is provided for guidance but it is not intended to be an exhaustive list. The Committee has the power to require prior review and approval of other

Improvements that are not listed above. Outdoor patio or lounge furniture, potted plants and portable barbecue equipment may be kept pursuant to the Rules and Regulations.

Persons who intend to install or construct outdoor Improvements on their Lots must consult the Design Review Committee prior to installation to determine if prior review and approval are required. This Section shall not apply to any Improvements installed by Declarant or by the Association, nor shall it apply to maintenance, repair, replacement or reconstruction of existing Improvements by Declarant or by the Association.

2.14.2 **Installation of Enclosed Yard Landscaping**. Each Owner shall complete the installation of landscaping on the enclosed portions of the yard of the Lot in accordance with a plan approved by the Design Review Committee no later than six (6) months after the Close of Escrow. Each Owner shall obtain all permits necessary and shall comply with all requirements of the County.

2.14.3 **Windows**. No Owner or other resident of the Community may apply paint, foil, film, or other reflective material to the glass portion of any window in the Residence. This Section shall not be interpreted to prohibit the installation of blinds, shutters, curtains and other similar window coverings. Pending installation of permanent window coverings, Owners may cover windows with white sheets up to ninety (90) days following the Close of Escrow.

2.14.4 **No Liability**. Neither the Declarant, Neighborhood Builders nor the Association shall be liable or responsible for any damage that results from Improvements installed, constructed or modified by or at the direction of an Owner. Owners are advised to consult and use qualified consultants and contractors when installing, constructing or modifying Improvements on the Owner's Lot.

2.15 **MECHANICS' LIENS**. No Owner may cause or permit any mechanic's lien to be filed against the Common Property or another Owner's Lot for labor or materials alleged to have been furnished or delivered to such Owner. Any Owner who permits a mechanics' lien to be so filed shall cause the lien to be discharged no later than five (5) days after receipt of written notice to discharge the lien is received from the Board. If the Owner fails to remove a mechanic's lien after written notice from the Board, the Board may discharge the lien and levy a Special Assessment against the violating Owner's Lot to recover the cost of discharge.

2.16 **DRAINAGE**. There shall be no interference with or obstruction of the established surface drainage pattern(s) over any Lot in the Community, unless an adequate alternative provision is made for proper drainage.

2.16.1 **Established Drainage**. Any alteration of the established drainage pattern must at all times comply with all applicable Local Government Agency requirements. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time of the first Close of Escrow for the sale of the Lot by Declarant or Neighborhood Builder, or as shown on any plan approved by the Committee. Established drainage includes drainage from Lot to Lot and to and from property lying outside the Community.

2.16.2 **Surface Drainage Improvements**. The established drainage system on a Lot may consist of any or all of the following: earthen or concrete drainage swales, concrete

channels, catch basins with underground drainage pipelines, roof-mounted gutters or downspouts (collectively, ***"Surface Drainage Improvements"***). Each Owner shall maintain, repair, and replace and keep free from debris or obstructions all Surface Drainage Improvements, if any, located on the Owner's Lot, except those for which the Association, a public authority or utility is responsible.

2.16.3 **Sub-Drains**. Owners are advised that Declarant or a Neighborhood Builder may have installed one or more drain lines beneath the surface of the Lot (each, a ***"Sub-Drain"***). Sub-Drains and appurtenant Improvements constructed or installed by Declarant or a Neighborhood Builder (if any) provide for collection and drainage of surface waters from each Lot and from elsewhere in the Community to proper points of disposal.

2.16.4 **Maintenance of Drainage Improvements**. Each Owner must maintain, repair, replace and keep free of debris and obstructions all Surface Drainage Improvements and Sub-Drains located on the Lot, except those for which the Association or a public authority or utility are responsible. To ensure adequate drainage within the Community, it is essential that the Surface Drainage Improvements and the Sub-Drains, if any, not be modified, removed or blocked without having first made alternative drainage arrangements. Therefore, no Owner may install, alter, modify, remove or replace any Surface Drainage Improvements or Sub-Drains on the Owner's Lot without first making alternative drainage arrangements approved in writing by the Committee and by applicable governmental agencies. Owner-installed irrigation systems must be installed and maintained to prevent excess runoff and accumulation of surface water.

2.16.5 **Grading**. The grading design in the Community should not be altered to redirect surface water flow toward the Lots or onto adjacent property, or to trap water so that it ponds or floods. Grading modifications are subject to law, approval by the Board, and the terms of any Recorded drainage easements.

2.17 **WATER SUPPLY SYSTEM**. No individual water supply, sewage disposal or water softener system is permitted on any Lot unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any water district having jurisdiction, the County, the Design Review Committee and all other applicable Local Government Agencies with jurisdiction.

2.18 **OWNER RESPONSIBILITY FOR PARKWAY LANDSCAPING WATER UTILITY COSTS**. Owners are responsible for the costs of any water utilities that serve the adjacent parkway landscaping within the public right-of-way where such irrigation lines are connected to the Owner's water meter. The cost of water utilities that serve the adjacent parkway landscaping within the public right-of-way will appear on the Owner's water bill and the Owner will be solely responsible for these charges. Owners are prohibited from disconnecting these irrigation line connections.

2.19 **VIEW OBSTRUCTIONS**. Each Owner acknowledges that (a) there are no protected views in the Community, and no Lot is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping (including the growth of landscaping) or other installation of Improvements by Declarant, a Neighborhood Builder or

other Owners may impair the view from any Lot, and each Owner hereby consents to such view impairment.

2.20 **SOLAR ENERGY SYSTEMS**. In accordance with Civil Code Sections 714 and 714.1, each Owner may install a solar energy system (as defined in California Civil Code Section 801.5), on the Owner's Lot to serve the Owner's domestic needs, so long as (a) the design and location of the solar energy system meet the requirements of all applicable governmental ordinances, and (b) the design and location receive the prior written approval of the Design Review Committee.

2.21 **RIGHTS OF DISABLED**. Subject to Article 5, each Owner may modify such Owner's Residence and the route over the Lot leading to the front door of his Residence, at his sole expense to facilitate access to his Residence by persons who are blind, visually impaired, deaf or physically disabled, or to alter conditions which could be hazardous to such persons, in accordance with California Civil Code Section 4760 or any other applicable law.

2.22 **TEMPORARY BUILDINGS**. No outbuilding, tent, shack, shed or other temporary building or Improvement may be placed upon any portion of the Community, either temporarily or permanently, without the prior written consent of the Design Review Committee.

2.23 **PROHIBITED RESIDENTIAL USES**. No garage, carport, trailer, camper, motor home, recreational vehicle or other vehicle may be used as a residence in the Community, either temporarily or permanently.

2.24 **COMMON PROPERTY**. The Common Property may not be altered without the Board's prior written consent.

2.25 **MINERAL EXPLORATION AND EXTRACTION**. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted on the Community, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Lot or within five hundred (500) feet of the surface of the Community. No derrick or other structure designed for use in boring for water, oil, geothermal heat or natural gas may be erected, maintained or permitted on any Lot.

2.26 **POST-TENSION CONCRETE SLABS**. Concrete slabs for Residences constructed in the Community may be reinforced with a grid of steel cable installed in the concrete slab and then tightened to create extremely high tension. This type of slab is commonly known as a "Post-Tension Slab." Cutting into a Post-Tension Slab for any reason (*e.g.*, to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Residence, personal injury, or both. Each Owner shall determine if his Residence has been constructed with a Post-Tension Slab and, if so agrees: (a) Owner shall not cut into or otherwise tamper with the Post-Tension Slab; (b) Owner shall not permit or allow any other Person to cut into or tamper with the Post-Tension Slab so long as Owner owns any interest in the Residence; (c) Owner shall disclose the existence of the Post-Tension Slab to any Person who rents, leases or purchases the Residence from Owner; and (d) Owner shall indemnify and hold Declarant, Neighborhood Builder, and Declarant's and Neighborhood Builder's agents, free and harmless

from and against any and all claims, damages, losses or other liability (including attorneys' fees and costs of court) arising from any breach of this covenant by Owner.

2.27 **EASEMENTS.** The ownership interests in the Lots and Common Area are subject to the easements granted and reserved in this Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Owners, the Association, the Declarant and Neighborhood Builders, the County, the County Service Area, and each of their respective properties, superior to all other encumbrances applied against or in favor of any portion of the Community. Individual grant deeds to Lots and Common Area may, but shall not be required to, set forth the easements specified in this Article or elsewhere in this Declaration.

ARTICLE III
DISCLOSURES

This Article discloses information that was obtained from third-party sources such as consultants, government and public records. No Person should rely on the ongoing accuracy or completeness of the information discussed in this Article because many of the matters discussed below are outside the control of Declarant, Neighborhood Builders and the Association. Accordingly, Declarant and Neighborhood Builder do not make any guarantee as to the accuracy or completeness of the matters disclosed below. Furthermore, Declarant and Neighborhood Builders are under no obligation to update or revise any matter disclosed in this Article. This Article is intended to provide Owners with information known or provided to Declarant as of the date this Declaration was Recorded, to be used as a starting point for further independent investigation.

3.1 **NO REPRESENTATIONS OR WARRANTIES.** No representations or warranties, express or implied, have been given by Declarant, Neighborhood Builders, the Association or their agents, in connection with the Community, its physical condition, zoning, compliance with law, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation of the Community as a planned unit development, except as expressly provided in this Declaration, as submitted by Declarant or a Neighborhood Builder to the CalBRE, as provided by Declarant or a Neighborhood Builder to the first Owner of each Lot.

3.2 **SPECIAL DISTRICTS.** The Community lies within the boundaries of the following special districts:

3.2.1 **Proposed Eastern Municipal Water District Community Facilities District No. 2013-64.** Eastern Municipal Water District Community Facilities District No. 2013-64 is a Mello-Roos Community Facilities District in the process of formation. The function of this district is to be determined. Mello-Roos Community Facilities Districts are created by Local Government Agencies to finance public improvements and services when no other source of funds is available. Once formed and approved, the district will levy a special tax lien against each Lot in the district's boundaries. District charges will appear on each Owner's property tax bill. Such districts also have the power to sell municipal bonds to raise additional

funds if they are necessary to build the public improvements or fund the services. Such districts have rights to accelerated foreclosure if assessments are delinquent for more than a specified amount of time. The amount of the special tax, function and any other information pertaining to this district will be available from the County Assessor's office.

3.2.2 **Rancho California Water District – Special District Debt Service.** Rancho California Water District – Special District Debt Service is a Special District Debt Service formed to pay for the annual debt service for outstanding bonds for water and sewer treatment infrastructure development. The amount of the special tax and any other information pertaining to this district can be obtained from the County Assessor's office.

3.2.3 **County Service Area 143.** County Service Area 143 is a County Service Area formed to pay for street light, park and recreation, landscaping and miscellaneous maintenance services. County service areas are formed by a county in order to provide funding for public services to parcels located within an unincorporated area of a county where otherwise such services would not be available. The amount of the assessment and any other information pertaining to this district can be obtained from the County Assessor's office.

3.2.4 **County Service Area 152 (Street Sweeping).** County Service Area 152 is a County Service Area formed to pay for storm water management. County service areas are formed by a county in order to provide funding for public services to parcels located within an unincorporated area of a county where otherwise such services would not be available. The amount of the assessment and any other information pertaining to this district can be obtained from the County Assessor's office.

3.2.5 **Lighting and Landscaping District 89-1-Consolidated.** The Community may be annexed into the Landscaping and Lighting Maintenance District No. 89-1-Consolidated ("L&LMD No. 89-1-C"). If annexed into the L&LMD No. 89-1-C, each Owner of a Lot will be subject to annual assessments levied on behalf of the L&LMD No. 89-1-C, in perpetuity, as part of the property tax bill, to support the services provided by the L&LMD No. 89-1-C. For information concerning the L&LMD No. 89-1-C, you may contact the Riverside County Transportation Department, Special Assessment Districts, 4080 Lemon Street, 8th Floor, Riverside, CA 92501.

3.2.6 **Other Districts.** This Section is not intended to be an exhaustive list of districts that presently affect the Community. The Community may at present lie within other special tax districts, or they may be annexed to other special tax districts from time to time in the future. Owners are advised to consult the County Assessor's office for further information.

3.3 **SOIL CONDITIONS.** For in-depth information regarding the geotechnical aspects of the Community, Owners should review the geotechnical reports on file with the County (collectively, the ***"Soils Report"***). A copy of the Soils Report is available for viewing at the County's Community Development Department.

3.3.1 **Alluvial Soil.** The Community is underlain by alluvial soils. Alluvium is typically made up of a variety of materials, including fine particles of silt and clay and larger particles of sand and gravel. According to the Soils Report, the alluvial soils have a slight to

moderate potential for collapse when a surcharge load is applied and/or the soil becomes wetted. Further, because the Community is underlain by up to 35 feet of unsaturated, relatively loose alluvial materials, the potential for seismically-induced settlements is high. Portions of the alluvial soils may have been removed and replaced as engineered compacted fill. Owners should take this soil condition into account when deciding what types of plants or hardscape Improvements to install on Owner's Lot.

3.3.2 **Fill Soil**. Some or all of the Residences in the Community are constructed on fill soil in accordance with the recommendations and inspection of licensed civil and soils engineers. Buildings constructed on fill soil will demonstrate some post-placement settlement. A soils report certifying the compaction of fill soil is available for review at the County.

3.3.3 **Drainage and Irrigation**. Owners must use adequate drainage and irrigation control. The construction or modification of Improvements by Owners should not result in ponding of water. Owner-installed drainage devices, including, but not limited to, concrete ditches, area drain lines and gutter should be carefully designed and installed with professional assistance and then maintained in an unobstructed condition. Drainage devices installed by Declarant or a Neighborhood Builder designed to serve more than one (1) Lot or the Common Property should not be altered in a manner that will redirect or obstruct the drainage through these drainage devices. All Owner-installed landscape irrigation systems should be designed, constructed, and operated to prevent excessive saturation of soils. All Owner-installed landscaping (if any) must be designed to ensure that water drains away from the Residence footings and other Improvements. Obstructions such as walls should not be constructed across swales unless adequate replacement drainage Improvements have been installed or created. Planters should be lined with an impervious surface and should contain outlets to drain excess water. Owners shall maintain and keep clear of debris any drainage or facility or device constructed by Declarant or a Neighborhood Builder. According to the Soils Report, since the native soils are susceptible to erosion by running water, measures should be provided to prevent surface water from flowing over slope faces. The use of succulent ground covers such as iceplant or sedum is not recommended for slopes. If watering is necessary to sustain plant growth on slopes, then the watering operation should be monitored to assure proper operation of the irrigation system and to prevent overwatering.

3.3.4 **Slope Creep**. While horizontal and vertical movement of earth at or near tops or bottom of slopes (often described as "slope creep") is generally minor in nature and does not always occur, it may affect Improvements such as pools, spas, patios, walls, slabs, planters, decking and the like. Slope creep can cause pools, spas and walls to tilt and crack and may cause cracking or lifting in brickwork or concrete in a manner that will allow these Improvements to function yet not meet the Owner's cosmetic expectations. Professional soils and structural engineers should be retained to design and construct such Improvements to mitigate the effects of slope creep and to ensure compliance with special rules for such Improvements that are required under the applicable Building Code or other applicable regulations. If possible, Improvements should not be constructed within ten (10) feet of the edge, top or bottom of a slope. Even with professional assistance, minor lifting and cracking can occur.

3.4 **FORMER WATER WELLS.** Three (3) water wells were previously located in the Community. Two of these wells were filled with grout and concrete and have been abandoned under the oversight of the County of Riverside Department of Environmental Health. It is planned that the third well will also be abandoned under the oversight of the County's Department of Environmental Health. Declarant and Neighborhood Builders make no representations regarding the past use of the water wells and their impact on the Community.

3.5 **ELECTRIC POWER LINES, WIRELESS COMMUNICATIONS FACILITIES, AND HUMAN HEALTH.** Underground and overhead electric transmission and distribution lines and transformers (***"Power Lines"***) are located within or in the vicinity of all residential communities, including this Community. The Power Lines within and in the vicinity of the Community produce electric and magnetic fields (***"EMF"***). Antennas and other equipment for wireless telecommunications (for example, cellular phones) may also be located in or in the vicinity of the Community. Like all wireless communications facilities, these facilities produce radio-frequency fields (***"RF"***). Numerous studies concerning the effects of EMF and/or RF on human health have been undertaken over the past several years and some are ongoing. There are studies that have reported a possible relationship between EMF exposure and some health conditions, such as childhood leukemia, miscarriages, and certain neurological disorders, while other studies found no such relationship. Some studies have reported associations between RF exposure and brain cancer, while other studies found no such relationship. Additional information about EMF and RF is available from the following agencies:

3.5.1 the World Health Organization's International EMF Project website at http://www.who.int/topics/electromagnetic_fields/en/;

3.5.2 Southern California Edison website at https://www.sce.com/wps/portal/home/safety/family/environmental-health;

3.5.3 the U.S. National Institute of Environmental Health Sciences website at http://www.niehs.nih.gov/health/topics/agents/emf/;

3.5.4 San Diego Gas & Electric website at http://www.sdge.com/safety/electric-and-magnetic-fields/emf-issue; and http://www.sdge.com/safety/electric-and-magnetic-fields/links-emf-resources-web; and

3.5.5 Electric and Magnetic Fields Program, at http://www.ehib.org/emf/;

3.5.6 Pacific Gas & Electric Company website at http://www.pge.com/mybusiness/edusafety/systemworks/electric/emf/; and

3.5.7 Sacramento Municipal Utility District website at https://www.smud.org/en/residential/education-safety/powerlines-and-equipment/electric-and-magnetic-fields.htm.

This list is not meant to be all inclusive.

3.6 **RURAL AREA.** The Community is located in a rural area which includes various rural land uses. As a result of the rural character of the area in the vicinity of the

Community, Lots may be affected by wildlife, noises, odors, reptiles or insect life typically found in rural areas. Snakes, rodents, mountain lions and coyotes are some of the wildlife typically encountered in rural areas. Owners should expect to encounter insects of all types including flies, ticks, Africanized (killer) bees, mosquitoes, spiders, black and red fire ants, crickets and aphids. Declarant, the Neighborhood Builders and the Association are not responsible for wildlife control or eradication.

3.7 **PRIOR AGRICULTURAL USE.** The Community is located on lands that were previously used for agricultural purposes, including animal grazing and farming activities. By reason of such agricultural use, Owners may be exposed to pesticides, herbicides, insecticides and other chemicals. By acceptance of a deed to a Lot, Owner (for and on Owner's behalf, and the members of Owner's family, tenants, lessees, guests and invitees) expressly acknowledges and accepts these existing and future impacts and forever waives any and all causes of actions against Declarant, Neighborhood Builders and the Association and their respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise or relate to any such conditions or risks.

3.8 **RURAL RESIDENTIAL.** Rural residences are located adjacent to the Community. Some of these landowners keep horses and other animals on their properties. Owners in the vicinity of these rural residences may experience noise, odors and other disturbances associated with living in close proximity to rural residences where horses and other animals are kept. Declarant and Neighborhood Builders make no representations regarding the past, present, or future use of the rural residential properties located in close proximity to the Community.

3.9 **EXISTING RESIDENTIAL PROPERTY.** There is an existing residential property located adjacent to the Community on Lot 78 of future proposed Tract No. 32627 (***"Lot 78"***). Lot 78 uses well water, propane gas, and has an on-site septic system. As presently planned, Lot 78 will not be annexed to the Community and will not be subject to this Declaration or any Supplemental Declaration. Accordingly, neither Lot 78 nor the owners of Lot 78 will be subject to Assessments, maintenance obligations, design review control, use restrictions or any of the other obligations or restrictions set forth in this Declaration. Further, Lot 78 will not be part of proposed Eastern Municipal Water District Community Facilities District No. 2013-64 and will not be subject to the special tax associated with that district.

3.10 **OWNER RESPONSIBILITY FOR PARKWAY LANDSCAPING WATER UTILITY COSTS.** The parkway landscaping and irrigation equipment within the public right-of-way adjacent to residential Lots within the Community will be maintained by the Association or the County Service Area. However, the irrigation lines serving the parkway landscaping will be connected to the individual water meters which serve residential Lots. The cost of water utilities that serve the adjacent parkway landscaping within the public right-of-way will appear on the Owner's water bill and the Owner will be solely responsible for these charges. The amount of these charges will vary from Lot to Lot depending on the amount of parkway landscaping served by the irrigation lines connected to the residential Lot's water meter. Owners are prohibited from disconnecting these irrigation line connections.

3.11 **REDHAWK GOLF COURSE**. There is a public golf course (the ***"Golf Course"***) located to the northwest of the Community at 45100 Redhawk Parkway, Temecula, CA 92592. Golf Course use may begin immediately after daybreak up to seven (7) days per week and Golf Course maintenance including irrigation may be carried on during both evening and daylight hours. Golf Course use and maintenance may create noise and other disturbances which may result in inconvenience and disturbance to Owners and other residents of the Community. For more information about the Golf Course, Owners should contact the Golf Course at (951) 302-3850.

3.12 **MORGAN HILL PARK**. Morgan Hill Park is located to the northeast of the Community at 45320 Morgan Hill Drive, Temecula, CA. The park is open to the public and includes a baseball field, soccer field, paved trails, dog park, children's play area, basketball courts, picnic benches, barbeques and other facilities. Such recreation facilities may be lighted for night use. The maintenance and use of the park may create noise, traffic, lights and glare at night and other impacts that may be inconvenient and disruptive to Owners in the vicinity of the Park at all hours of the day and evening.

3.13 **TONY TOBIN ELEMENTARY SCHOOL**. Tony Tobin Elementary School is located to the northeast of the Community. Operation of the school may create noise, traffic and other disturbances which may result in inconvenience and disturbance to Owners and other residents of the Community.

3.14 **PECHANGA INDIAN RESERVATION**. The Pechanga Indian Reservation (***"Reservation"***) is located to the south of the Community. The Reservation is governed by the Pechanga Band of Luiseño Indians. The Reservation is not subject to local or state laws or regulations. Neither Declarant, Association, nor local or state governments have any control over the use of the Reservation or construction or operations on the Reservation. Federal regulation of the land is also severely restricted. Uses and activities at the Reservation can change at any time without notice to Owners in the Community and without their consent. The Reservation is not subject to any state or local land use and zoning restrictions. Persons in the Community may hear a variety of noises emanating from the Reservation, including sounds from tribal ceremonies and gun shots.

3.15 **PECHANGA RESORT AND CASINO**. The Pechanga Resort and Casino (***"PRC"***) is located to the southwest of the Community across Pechanga Parkway. PRC is operated by the Pechanga Band of Luiseño Indians. PRC includes a large parking lot, a recreational vehicle park, a hotel, several meeting facilities, an 18-hole championship golf course and a casino. PRC operates 24 hours per day, 7 days per week. According to PRC's website, the hotel is a four star, multi-story resort which includes 522 guest rooms and several restaurants. Residents of the Community can expect increased vehicular traffic and noise at all times of the day on Pechanga Parkway as a result of the public traveling to and from PRC. Increased traffic will include large tour buses and recreational vehicles traveling to PRC. Residents may notice glare during the night hours from any PRC Marquee, the parking lot and the lights emanating from the guest rooms of the hotel. For more information about PRC, please visit PRC's website at www.pechanga.com.

3.16 **OFFERS OF DEDICATION**. Portions of the CSA Maintenance Area are subject to irrevocable offers of dedication as shown on the Recorded tract maps for the Community. The County may accept the offer of dedication and assume responsibility for maintaining these portions of the CSA Maintenance Area at any time. If accepted by the County at a later time, the level of maintenance provided by the County may not be the same as that provided by the Association.

3.17 **MAINTENANCE BY ASSOCIATION, COUNTY SERVICE AREA, AND OTHER ENTITIES**. Declarant proposes to have different areas in and adjacent to the Community maintained by several different entities. The Association shall maintain the Common Property. The CSA Maintenance Areas will be held in fee simple title, or by easement, lease, encroachment, permit or license by the County or a County Service Area and maintained by a County Service Area. While the County Service Area is maintaining the CSA Maintenance Areas, the cost of such maintenance is charged to Owners on their property tax bill. However, if the County or County Service Area becomes unwilling or unable to maintain all or a portion of the CSA Maintenance Areas, the Association has the obligation to accept maintenance responsibility over the CSA Maintenance Areas, in accordance with Section 2.1.2(c). If the Association becomes responsible for maintenance of the CSA Maintenance Areas, then the CSA Maintenance Areas shall be subject to the covenants, conditions and restrictions of the Governing Documents and the Association shall collect Annual Assessments in the amount needed to meet its new maintenance obligations.

3.17.1 **Mandatory Backup Maintenance Obligations**. During the planning and development of the Community, the County required Declarant and Declarant's predecessor to enter into certain maintenance and easement agreements with neighboring property owners (the ***"Easement Agreements"***) pursuant to which the Association became obligated to perform maintenance on property owned by others. While other entities have since agreed to accept this maintenance responsibility, the Association shall be obligated to accept maintenance responsibility in the event such entities become unwilling or unable to perform such maintenance in the future. The Association's backup maintenance obligations are described more fully in Section 2.1.2. If the Association becomes obligated to accept maintenance responsibility over these areas, Annual Assessments will likely increase as a result of the new maintenance obligations.

3.18 **PRIVATE DRIVEWAY**. There is a private driveway (the ***"Private Driveway"***) located on a portion of Lot 219 of Tract No. 31597. This private driveway provides ingress and egress access rights to the owner of property located adjacent to the Community. The Owners in the Community are prohibited from using this Private Driveway.

3.19 **SURROUNDING USES**. The Community is located in an area that is experiencing rapid growth. This disclosure is intended to provide Owners with information on surrounding uses as of the date of Recordation. Uses and Improvements in the immediate vicinity of the Community include the items listed below:

North of the Community: residential (including rural residential); Redhawk Golf Club; Morgan Hill Park; Tony Tobin Elementary School; open space.

South of the Community: residential (including rural residential); open space.

East of the Community: residential (including rural residential); open space.

West of the Community: residential (including rural residential); Redhawk Golf Club; open space.

Existing and proposed uses in surrounding areas may change without notice. Neither Declarant, the Neighborhood Builders, nor the Association have any control over uses outside the Community. Owners are advised to contact applicable Local Government Agencies for updated information concerning the development plan for the surrounding community.

3.20 **DETENTION BASINS AND OTHER WATER HAZARDS**. Detention basins in the Community are a part of the storm drainage system for the Community and certain adjacent property. In addition, a portion of a flood control channel runs through the Community. During periods of heavy rain, water and debris may accumulate in the detention basins and flood control channel. There are other water hazards are located in the Community, including bioswales, creeks, floodways and drain inlets. Owners and other residents are advised to keep children and animals away from these water hazards at all times.

3.21 **SEWER LIFT STATION**. A sewer lift station is located in the Community on Lot 212 of Tract No. 31597. The Eastern Municipal Water District will own and operate the sewer lift station and Lot 212. Owners may encounter some unpleasant odors and noise in the areas near the lift station, and the lift station may be visible from some areas in the Community. Declarant has no control over the use, maintenance or care of the lift station or an accompanying water and sewer pipelines.

3.22 **TRAILS**. The Community is planned to include trails that connect to a regional trail system. These trails may be used for walking, hiking, equestrian, bicycling and other purposes. Declarant makes no guarantee that these trails will be included in the Community or that the foregoing uses of the trails will be permitted. If a trail is located near Owner's Lot, there will be a limitation on privacy where yards or windows are visible from the trail. Residents in the vicinity of the trails may experience noise, odors and other disturbances from the use and maintenance of the trails.

3.23 **PASEOS**. The Community is planned to include paseos. These paseos may be used for walking, bicycling and other purposes. Declarant makes no guarantee that these paseos will be included in the Community or that the foregoing uses of the paseos will be permitted. If a paseo is located near Owner's Lot, there will be a limitation on privacy where yards or windows are visible from the paseo. Residents in the vicinity of the paseos may experience noise and other disturbances from the use and maintenance of the paseos.

3.24 **SOUND ATTENUATION**. Pursuant to an acoustical analysis conducted for the Community, certain Lots may be constructed with sound attenuation measures. These measures may include: (a) construction of a sound barrier along Lot(s) adjacent to Anza Road, (b) windows, doors, walls, roofs, and attics constructed with certain sound attenuation measures in certain Residences, and (c) a "windows closed" condition requiring a means of air conditioning or mechanical ventilation to circulate air while maintaining windows in a closed

condition. Owners shall not alter or modify any sound attenuation measures. Owners acknowledge and understand that some indoor sound attenuation measures will only work as intended if the windows and doors remain closed. Owners further acknowledge that individuals have varying sensitivity to noise, and the sound attenuation measures installed by Declarant or a Neighborhood Builder may not reduce noise to a level that will satisfy every expectation.

3.25 **PROPERTY LINES.** The boundaries of each Lot in the Community and the Common Area and CSA Maintenance Areas owned in fee simple by the Association and County, respectively, are delineated on subdivision (tract) maps, lot line adjustments or parcel maps that are public records and are available at the County Recorder's office.

3.26 **UTILITY IMPROVEMENTS.** There may be above-ground and subterranean utility Improvements such as transformers, lift stations, water or sewer facilities, telecommunications vaults and other visible Improvements necessary for the delivery of utilities or other services either on or adjacent to each Lot. Each Owner understands that the placement of such Improvements is dictated by the needs of the applicable utility or service provider, and the presence of such Improvements in the Community is in accordance with easements created prior to or during the development of the Community. Each Owner, by accepting a deed to a Lot in the Community, understands that each Lot and portions of the Common Property are subject to one or more such easements for placement of utility Improvements. No Owner may modify, remove or otherwise interfere with utility Improvements on any Lot or other portion of the Community.

3.27 **WATERING RESTRICTIONS.** Drought conditions may cause municipalities and other water service providers to enact voluntary or mandatory cut-backs, prohibitions, or other restrictions on water usage, including limits on watering hours and duration, outright prohibition of landscape watering, irrigation system design requirements, and restrictions on certain plant species. Water usage related restrictions may also prevent Owners from installing or using water to fill or run a swimming pool, spa, water fountain, or other water feature. These restrictions and drought conditions could also limit the availability of recycled or reclaimed water. Water usage related restrictions may be temporary or permanent and may cause landscaping at Owner's Lot and in the Community to dry out and die. Dead or dried out landscaping may need to be removed if it becomes a fire hazard.

3.28 **RECLAIMED WATER.** In its efforts to conserve water, the local water district (***"Water District"***) requires the use of reclaimed water to irrigate parks, school yards, golf courses, greenbelt areas and other large landscaped areas. Reclaimed water is partially treated waste water. It is not treated to be suitable for consumption by humans or domestic animals.

Declarant or Neighborhood builders have installed in parts of the Common Property and CSA Maintenance Area irrigation equipment that is designated for reclaimed water service. Such equipment is purple in color for ready identification. The Water District may extend reclaimed water service to the Community. There is no fixed date for the commencement of reclaimed water service, but all Persons in the Community should always assume that water originating from purple irrigation equipment is reclaimed, and therefore never suitable for human or domestic animal consumption. There is no way to reliably tell the difference between potable

water and reclaimed water without a chemical test. The water delivered to the Residences will at all times be domestic potable water.

As with any water overspray, the repeated spray of reclaimed water used in irrigation may stain or discolor personal property, fences, walls and other Improvements. Neither Declarant, nor the Association nor their officers, directors, employees or agents are liable for any property damage or personal injury caused by reclaimed water. Further information concerning reclaimed water is available at the Water District's headquarters.

3.29 **MOLD**. Molds are simple, microscopic organisms, present virtually everywhere, indoors and outdoors. Mold can be any color, but is usually green, gray, brown or black. Mold requires a food source (such as paper, wood, leaves or dirt), a source of moisture and a suitable temperature (generally 40-100 degrees Fahrenheit) to grow.

Individuals are exposed to molds on a daily basis, and in most instances there are no harmful effects. However, the buildup of molds in the indoor environment may contribute to serious health problems for some individuals. Due to a variety of factors, including the fact that sensitivities to various types of molds and other potential contaminants vary from person to person, there are currently no state or federal standards concerning acceptable levels of exposure to mold. Sources of indoor moisture that may lead to mold problems include, but are not limited to flooding, leaks, seepage, sprinkler spray hitting the Residence, overflow from sinks or sewers, damp basement or crawl space, steam from shower or cooking, humidifiers, wet clothes drying indoors, watering house plants, and clothes dryers exhausting indoors.

Each Owner should take precautions to prevent the growth of mold in the Residence from these and other sources. Preventative measures include, but are not limited to the following: (1) regularly cleaning the Residence; (2) regularly checking for accumulated moisture in corners and unventilated areas; (3) running fans, dehumidifiers and air conditioners to reduce indoor humidity; (4) stopping the source of any leak or flooding; (5) removing excess water with mops or a wet vacuum; (6) moving wet items to a dry, well-ventilated area; (7) regularly cleaning and disinfecting indoor and outdoor surfaces that may contain mold; (8) having major appliances, such as furnaces, heat pumps, central air conditioners, ventilation systems and furnace-attached humidifiers inspected, cleaned and serviced regularly by a qualified professional; (9) cleaning the refrigerator, air conditioner and dehumidifier drip pans and filters regularly and ensuring that refrigerator and freezer doors seal properly; and (10) avoiding over-watering of landscaping.

It is the Owner's responsibility to monitor the Residence and Lot on a continual basis for excessive moisture, water and mold accumulation. For additional information regarding mold, please refer to the following websites: California Department of Public Health – http://www.cdph.ca.gov; Centers for Disease Control and Prevention – http://www.cdc.gov/nceh; U.S. Environmental Protection Agency – http://www.epa.gov; Illinois Department of Public Health – http://www.idph.state.il.us; and Washington State Department of Health – http://www.doh.wa.gov.

3.30 **NATURAL HAZARD ZONE DISCLOSURES**. According to the Natural Hazard Disclosure Statement for Tract No. 31597 dated as of June 24, 2015 and the Natural Hazard Disclosure Statement for Tract No. 32627 (collectively, the ***"Natural Hazard Disclosure***

Statement"), both prepared by First American Natural Hazard Disclosures, all or a portion of the Community lies within the mapped boundaries of the following natural hazard zones:

3.30.1 **Earthquake Fault Zones**. California is subject to a wide range of earthquake activity. California has many known faults as well as yet undiscovered faults. According to the Natural Hazard Disclosure Statement, the Community is not located within an Earthquake Fault Zone as defined by California Public Resources Code Section 2621.9. However, according to the Soils Report, the Community is located approximately 1,750 feet from the Wildomar fault, an active earthquake fault also known as the Temecula segment of the Elsinore fault zone. In addition, a series of faults run along the base of the Agua Tiba Mountains in the region of the Community. The closest of these, while they do not project into the Community, lie south of the Community. The Soils Report indicates that the potential of movement on these faults is not well understood. Owners must evaluate the potential for future seismic activity that might seriously damage an Owner's Lot. A major earthquake, which some have predicted will occur in our lifetimes, could cause very serious damage to Lots, located even many miles from the epicenter of the earthquake. A more moderate earthquake occurring on a more minor fault, or on an undiscovered fault, could also cause substantial damage.

Declarant and Neighborhood Builders make no representations or warranties as to the degree of earthquake risk within the Community. All Owners should read "The Homeowner's Guide to Earthquake Safety," which is published by the California Seismic Safety Commission and is available from their offices or by free download from their website at http://www.seismic.ca.gov/ and consult with the County, other public agencies, and appropriate experts to evaluate the potential risk.

3.30.2 **County-Designated Fault Zone**. According to the Natural Hazard Zone Disclosure Statement, the Community is within a County-designated fault zone.

3.30.3 **County-Designated Area of Low or Very Low Liquefaction Susceptibility**. According to the Natural Hazard Zone Disclosure Statement, the Community is within a County-designated are of low or very low liquefaction susceptibility.

3.30.4 **Seismic Hazard Zone**. Many portions of California are subject to risks associated with seismic activity. Areas that meet the definition of "Seismic Hazard Zone" in the Seismic Hazards Mapping Act (California Public Resources Code Section 2690, *et seq.*) are shown on maps that are prepared and released by the California Department of Conservation, Division of Mines and Geology. Such zones may pose an increased risk of damage to property from earthquakes and liquefaction. As of the date this Declaration is Recorded, according to the Natural Hazard Disclosure Statement, the State of California has not yet produced any seismic hazard zone maps for the Community. When such maps are released, they will be available for inspection at the offices of the County. Declarant and Neighborhood builders make no representations or warranties as to whether the Community is in a Seismic Hazard Zone, or whether seismic activity poses any elevated degree of risk to the Community. Owners are advised to consult with the County, other public agencies, and appropriate experts to evaluate the potential risk. For more information concerning seismic activity and risks, read "The Homeowner's Guide to Earthquake Safety."

3.30.5 **Very High Fire Hazard Severity Zone**. According to the Natural Hazard Disclosure Statement, the Community is located within a Very High Fire Hazard Severity Zone pursuant to applicable state maps. This Zone is susceptible to fires, and the physical conditions of the area, including such factors as fuel, slope, and weather could cause fires that are more severe, more difficult to put out and, as a result, could cause more damage. Owners of Lots located within this Zone may have additional maintenance responsibilities to prevent or retard fires, including restrictions on constructing Improvements on the Lot, as stated in California Government Code Section 51182. These maps are updated periodically, and Declarant and Neighborhood Builders make no representations, guarantees or warranties with respect to any future Very High Fire Hazard Severity Zone determinations.

3.30.6 **State Responsibility Area**. State Responsibility Areas are usually wild land areas that may contain substantial risk of forest fire and hazards. According to the Natural Hazard Disclosure Statement, the Community is located within a State Responsibility Area due to wild land exposure. Government regulations may impose restrictions and requirements on building that could substantially limit or otherwise impact the Owner's right to construct and modify Improvements pursuant to California Public Resources Code Section 4125. An Owner's Lot is subject to the maintenance requirements of California Public Resources Code Section 4291. It is not the state's responsibility to provide fire protection services to any building or structure located within the State Responsibility Area, unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to California Public Resources Code Section 4142. These maps are updated periodically, and Declarant and Neighborhood Builders make no representations, guarantees or warranties with respect to any future state responsibility area determinations.

3.31 **RIGHT TO FARM DISCLOSURE**. According to the Natural Hazard Disclosure Statement referenced above, the Community is located within one mile of a farm or ranch land. California Civil Code section 1103.4 requires notice if a property is presently located within one mile of a parcel of real property designated as "Prime Farmland," "Farmland of Statewide Importance." "Unique Farmland," "Farmland of Local Importance," or "Grazing Land" on the most current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection, and if so, accompanied by the following 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.

3.32 **COMMERCIAL/INDUSTRIAL ZONE DISCLOSURE.** According to the Natural Hazard Disclosure Statement described above, the Community is located within one (1) mile of a property that is zoned by the County to allow commercial or industrial use. California Code of Civil Procedure Section 731a provides that, except in an action to abate a public nuisance brought in the name of the people of the State of California, no Person shall be enjoined or restrained by the injunctive process from the reasonable and necessary operation in any industrial or commercial zone or airport of any use expressly permitted therein, nor shall such use be deemed a nuisance without evidence of the employment of unnecessary and injurious methods of operation, provided any city, city and county, or county shall have established zones or districts under authority of law wherein certain manufacturing or commercial or airport uses are expressly permitted.

3.33 **SAN ONOFRE IPZ.** According to the Natural Hazard Disclosure Statement, the Temecula Planning area is within the Ingestion Pathway Zone ("IPZ") of the San Onofre Nuclear Generating System (***"SONGS"***), situated twenty-five (25) miles to the west on Camp Pendleton U.S. Marine Corps Base in San Diego County. An IPZ is a federally-established area with a fifty (50)-mile radius around every nuclear generating station. SONGS operations are regulated by FEMA and the California Office of Emergency Services (OES). Education programs coordinated by the State and Southern California Edison are administered in this zone to ensure that residents are prepared for any potential problems associated with the facility.

3.34 **ENERGY EFFICIENCY STANDARDS AND DUCT SEALING REQUIREMENTS.** Based on climate zone maps issued by the California Energy Commission, the Community is located in a designated climate zone in which properties are subject to duct sealing and testing requirements set forth by the California Energy Commission. According to the California Energy Commission, certain duct sealing requirements apply when any of the following Improvements are replaced on a home: the air handler, the outdoor condensing unit of a split system air conditioner or heat pump, the cooling or heating coil or the furnace heat changer. Owner should refer to the Natural Hazard Disclosure Statement for more information regarding energy efficiency standards and duct sealing requirements applicable to the homes in the Community.

3.35 **CHANGE IN PLANS.** Declarant and Neighborhood Builders have the right to develop the Annexable Territory with Improvements that may be different in design, size, character, style and price from those in Phase 1 or any other Phase.

3.36 **NO ENHANCED PROTECTION AGREEMENT.** No language contained in this Declaration, any Notice of Addition or any Supplemental Declaration shall constitute, or be interpreted to constitute, an enhanced protection agreement (***"EPA"***), as defined in Section 901 of the California Civil Code. Further, no express or implied representations or warranties made by Declarant or Neighborhood Builders in any other writing are intended to constitute, or to be interpreted to constitute, an EPA.

3.37 **ADDITIONAL PROVISIONS.** There may be provisions of various laws, including the CID Act and the Federal Fair Housing Act codified at Title 42 United States Code, Section 3601, *et seq.*, which may supplement or override the Governing Documents. Declarant and Neighborhood Builders make no representations or warranties regarding the future enforceability of any portion of the Governing Documents.

ARTICLE IV
THE ASSOCIATION

4.1 **GENERAL DUTIES AND POWERS.** The Association has the duties and powers enumerated and described in the Governing Documents, in addition to the general and implied powers of a nonprofit mutual benefit corporation, generally to do all things that a corporation organized under the laws of the State of California may lawfully do which are necessary or proper in operating for the general welfare of the Owners, subject only to the limits on the exercise of such powers listed in the Governing Documents. Unless otherwise indicated in the Articles of Incorporation, Bylaws, this Declaration, or the Supplemental Declarations, the powers of the Association may be exercised by the Board.

4.2 **SPECIFIC DUTIES AND POWERS.** In addition to its general powers and duties, the Association has the following specific powers and duties.

4.2.1 **CSA Maintenance Area**. If the County Service Area (i) declines or fails to fulfill its maintenance obligations as to any portion of the CSA Maintenance Area or any Improvements located thereon, or (ii) is otherwise prevented from performing its obligations with respect to the CSA Maintenance Area, the Association shall undertake maintenance of such CSA Maintenance Area, as further described in Section 2.1.2(c).

4.2.2 **Backup Maintenance Under Williams Easement Agreement**. The power and duty to accept an easement over portions of the CSA Maintenance Areas and to perform the Backup Williams Maintenance Obligations in the event the County Service Area becomes unwilling or unable to provide such maintenance, as provided in Section 2.1.2(d).

4.2.3 **Backup Maintenance of Anderson Easement Area**. The power and duty to accept an easement over the Anderson Easement Area and to maintain the Anderson Drainage Improvements in the event the RCTD becomes unwilling or unable to provide such maintenance, as provided in Section 2.1.2(e).

4.2.4 **Redhawk Maintenance Agreement**. The power and duty comply with the terms of the Redhawk Maintenance Agreement, as provided in Section 2.1.2(f).

4.2.5 **Common Property**. The power and duty to accept, maintain and manage the Common Property in accordance with the Governing Documents. The Association may install or remove capital Improvements on the Common Property. The Association may reconstruct, replace or refinish any Improvement on the Common Property.

4.2.6 **Utilities**. The power and duty to obtain, for the benefit of the Community, all water, gas and electric services necessary for the Common Property. The power and duty to obtain for the benefit of the Community, all commonly metered residential utilities.

4.2.7 **Granting Rights**. The power to grant exclusive or nonexclusive easements, licenses, rights of way or fee interests in the Common Area owned in fee simple by the Association, to the extent any such grant is reasonably required (a) for Improvements to serve the Community, (b) for purposes of conformity with the as-built location of Improvements installed or authorized by Declarant, a Neighborhood Builder or the Association, (c) in connection with any lawful lot line adjustment, or (d) for other purposes consistent with the intended use of the Community. This power includes the right to create and convey easements for one or more Owners over portions of the Common Area. The Association may de-annex any portion of the Community from the encumbrance of the Declaration in connection with any lawful lot line adjustment.

After the Association acquires fee title to or any easement right over Common Property, the affirmative vote of members owning at least sixty-seven percent (67%) of the Lots in the Community shall be required before the Board may grant exclusive use of any portion of that Common Property to any member, except as provided in California Civil Code Section 4600. Any measure placed before the members requesting that the Board grant exclusive use of any portion of the Common Property shall specify whether the Association will receive any monetary consideration for the grant and whether the Association or the transferee will be responsible for providing any insurance coverage for exclusive use of the Common Area.

4.2.8 **Employ Personnel**. The power to employ Persons necessary for the effective operation and maintenance of the Common Property, including legal, management and accounting services.

4.2.9 **Insurance**. The power and duty to keep insurance for the Common Area in accordance with this Declaration.

4.2.10 **Sewers and Storm Drains**. The power and duty to maintain any private sewer systems, private storm drains, or private drainage facilities in the Common Area in accordance with the Governing Documents.

4.2.11 **Maintenance Guidelines**. The power and duty to (a) operate, maintain and inspect the Common Property and its various components in conformity with any Maintenance Guidelines and any maintenance manual, and (b) review any maintenance manual for necessary or appropriate revisions no less than annually after the Board has prepared the Budget.

4.2.12 **Rules and Regulations**. The power, but not the duty, to adopt, amend, repeal and create exceptions to, the Rules and Regulations.

(a) ***Standards for Enforceability.*** To be valid and enforceable, a Rule must satisfy all the following requirements:

(i) The Rule must be in writing;

(ii) The Rule is within the authority of the Board conferred by law or by this Declaration, the Articles of Incorporation or the Bylaws;

(iii) The Rule is not inconsistent with governing law, this Declaration, the Articles of Incorporation or the Bylaws;

(iv) The Rule is adopted, amended or repealed in good faith and in substantial compliance with the requirements of the CID Act;

(v) The Rule is reasonable; and

(vi) The Rule complies with the requirements of California Civil Code Section 4350.

(b) ***Areas of Regulation.*** The Rules and Regulations may concern use of the Community, signs, parking restrictions, minimum standards of property maintenance, and any other matter under the Association's jurisdiction.

(c) ***Limits on Regulation.*** The Rules and Regulations must apply uniformly to all Owners and must comply with this Declaration and all applicable state and local laws. The rights of Owners to display in or on their Residences religious, holiday and political signs, symbols and decorations of the kinds normally displayed in single family residential neighborhoods shall not be abridged. However, the Association may adopt time, place and manner restrictions for such displays if they are visible outside the Residence. No modification to the Rules and Regulations may require an Owner to dispose of personal property that was in compliance with all rules previously in force; however, this exemption shall apply only during the period of such Owner's ownership of the Lot and it shall not apply to: (i) subsequent Owners who take title to a Lot after the modification is adopted; or (ii) clarifications to the Rules and Regulations.

(d) ***Procedure for Adoption, Amendment and Repeal.*** Rules or procedures concerning (1) the use of Common Property, (2) the use of a Lot, including any aesthetic standards or Design Guidelines that affect Lots, (3) Owner discipline, including any schedule of monetary penalties for violation of the Governing Documents, (4) any procedure for the imposition of penalties, (5) any standards for delinquent assessment payment plans, (6) any procedures adopted by the Association for resolution of assessment disputes, (7) any procedures for reviewing and approving or disapproving a proposed physical change to a Lot or to the Common Area, and (8) procedures for elections (each, a ***"Covered Rule"***) may only be adopted, amended or repealed (each, a ***"Rule Change"***) in accordance with the following procedure:

(i) The Board must provide written notice (***"Notice"***) of a proposed Rule Change to the members at least thirty (30) days before making the Rule Change,

except for an Emergency Rule Change (defined below). The Notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change;

(ii) The decision on a proposed Rule Change shall be made at a Board meeting after consideration of comments made by the members of the Association;

(iii) The Board shall deliver Notice of the Rule Change to every member of the Association within fifteen (15) days of adoption. If the change was an Emergency Rule Change, the Notice shall include the text of the Emergency Rule Change, and the date on which the Emergency Rule Change expires;

(iv) If the Board determines that an immediate Rule Change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make the change on an emergency basis (***"Emergency Rule Change"***) and no Notice will be required. An Emergency Rule Change is effective for one hundred-twenty (120) days, unless the Emergency Rule Change provides for a shorter effective period. Any Rule Change that is adopted as an Emergency Rule Change may not be re-adopted under authority of this subpart;

(v) A Notice required by this Section 4.2.12(d) is subject to California Civil Code Section 4360;

(vi) A Rule Change made pursuant to this Section 4.2.12(d) may be reversed as provided in California Civil Code Section 4365.

(e) ***Exceptions to Procedure.*** The procedure in Section 4.2.12(d) does not apply to:

(i) Rules that do not meet the definition of Covered Rules above;

(ii) Decisions of the Board regarding maintenance of Common Property;

(iii) A decision on a specific matter that is not intended to apply generally;

(iv) A decision setting the amount of an Annual Assessment or a Special Assessment;

(v) A Rule Change that is required by law if the Board has no discretion as to the substantive effect of the changes; or

(vi) Issuance of a document that merely repeats existing law or the Governing Documents.

4.2.13 **Borrowings.** The power, but not the duty, to borrow money for purposes authorized by the Articles of Incorporation, Bylaws, Declaration, any Supplemental

Declarations or any Notice of Addition, and to use the Common Area owned in fee simple by the Association as security for the borrowing.

4.2.14 **Contracts**. The power, but not the duty, to enter into contracts. This includes contracts with Owners or other Persons to provide services or to maintain Improvements in the Community and elsewhere which the Association is not otherwise required to provide or maintain by this Declaration.

4.2.15 **Telecommunications Contract**. Notwithstanding anything in the Governing Documents to the contrary, the Board shall have the power to enter into, accept an assignment of, or otherwise cause the Association to comply with the terms and provisions of a telecommunications services contract (***"Telecommunications Contract"***) with a telecommunications service provider (***"Service Provider"***), pursuant to which the Service Provider shall serve as the provider of Telecommunications Services to each Lot in the Community. The Board shall only enter into, accept an assignment of, or otherwise cause the Association to comply with the terms of the Telecommunications Contract if the Board determines that the Telecommunications Contract is in the best interests of the Association. Although not exhaustive, the Board shall consider the following factors in making such a determination in the exercise of its business judgment:

(a) ***Initial Term and Extensions***. The initial term of the Telecommunications Contract should not exceed five (5) years, and, if the Telecommunications Contract provides for automatic extensions, the length of each such extension should also not exceed five (5) years.

(b) ***Termination***. The Telecommunications Contract should provide that: (1) at least six (6) months prior to the expiration of either the initial or any extended term of the Telecommunications Contract, the entire Membership of the Association may, with the vote or written approval of more than fifty percent (50%) of all Members other than Declarant or a Neighborhood Builder, prevent any automatic extension that the Telecommunications Contract may provide for (with or without cause), and thereby cause the Telecommunications Contract to expire, and (ii) at any time with reasonable notice periods, the Board may terminate the Telecommunications Contract if, in the sole discretion of the Board, the Service Provider fails to provide quality, state-of-the-art Telecommunications Services.

(c) ***Fees***. Whether the monthly fee charged to the Association by the Service Provider for the provision of the Telecommunications Services to all of the Lots represents a discount from the comparable retail fees charged by the Service Provider in the general geographic area in which the Community is located, and, if so, the amount of such discount.

(d) ***Installation of Telecommunications Facilities***. Whether the Service Provider is solely responsible for the installation, and the cost thereof, of all of the Telecommunications Facilities necessary to provide Telecommunications Services to each Lot.

(e) ***Removal of Telecommunications Facilities***. Whether the Service Provider has the right to remove the Telecommunications Facilities upon expiration or termination of the Telecommunications Contract.

4.2.16 **Indemnification**.

(a) ***For Association Representatives***. To the fullest extent authorized by law, the Association has the power and duty to indemnify Board members, Association officers, Design Review Committee members, and all other Association committee members for all damages, pay all expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission within what such person reasonably believed to be the scope of the Person's Association duties (***"Official Act"***). Board members, Association officers, Design Review Committee members, and all other Association committee members are deemed to be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section. The entitlement to indemnification under this Declaration inures to the benefit of the estate, executor, administrator and heirs of any person entitled to such indemnification.

(b) ***For Other Agents of the Association***. To the fullest extent authorized by law, the Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Association for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act.

(c) ***Provided by Contract***. The Association also has the power, but not the duty, to contract with any Person to provide indemnification in addition to any indemnification authorized by law on such terms and subject to such conditions as the Association may impose.

4.2.17 **Annexing Additional Property**. The power, but not the duty, to annex, pursuant to Section 16.3, additional property to the Community encumbered by this Declaration.

4.2.18 **Vehicle and Parking Restrictions**. The power granted in Section 2.10 to identify Authorized Vehicles or Restricted Vehicles and to modify the vehicle and parking restrictions in the Governing Documents.

4.2.19 **License and Use Agreements**. The Association may enter into agreements with Declarant, a Neighborhood Builder or any homeowners association having jurisdiction over the Annexable Territory to share facilities located on the Common Area (***"Facility"***) with the Owners of Residences in the Annexable Territory that is not annexed to the Community. Any such agreement shall be in form and content acceptable to Declarant (and the Neighborhood Builder, if applicable), the Board of Directors (without the approval of Owners) and the board of directors of any adjacent homeowners association (if applicable) and shall include provisions regarding use and sharing of maintenance costs for the Facility.

4.2.20 **Landscaping**. The Board has the power, but not the duty, to grant Owners revocable licenses that allow Owners to replace and/or add landscaping Improvements to any portion of the Common Area, subject to the prior written approval of the Board, any reasonable restrictions or conditions the Board may impose, and the right of the Board to revoke such license, remove the Improvements and charge the Owner for the cost of such removal.

4.2.21 **Prohibited Functions**.

(a) ***Property Manager***. The Association shall not hire any employees, furnish offices or other facilities, or use any Common Area for an "on-site" Manager. The Association Manager shall at all times be a professional manager employed as an independent contractor or agent working at its own place of business.

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

(c) ***Political Activities***. The Association shall not conduct, sponsor, participate in or expend funds or resources toward any activity, campaign or event, including any social or political campaign, event or activity which does not directly and exclusively pertain to the authorized activities of the Association. Furthermore, the Association shall not participate in federal, state or local activities or activities intended to influence a governmental action affecting areas outside the Community (*e.g.* endorsement or support of legislative or administrative actions by a Local Government Agency), nor shall it support or campaign for or against candidates for elected or appointed office or ballot proposals. There shall be no amendment of this Section so long as Declarant or a Neighborhood Builder owns any portions of the Community.

4.2.22 **Standing to Resolve Disputes**. The Association shall have standing to institute, defend, settle or intervene in litigation, alternative dispute resolution or administrative proceedings (each, an ***"Action"***) in its own name as the real party in interest and without joining the Owners, in matters pertaining to (a) damage to the Common Area, (b) damage to portions of the Lots which the Association is obligated to maintain or repair, and (c) damage to portions of the Lots which arises out of, or is integrally related to, damage to the Common Area or portions of the Lots that the Association is obligated to maintain or repair (each, a ***"Claim"***). However, the Association shall not have standing to institute, defend, settle or intervene in any Action in any matter pertaining only to an individual Lot and not included in clauses (b) and (c) above.

The Association may, in its sole discretion, elect to institute, intervene in, continue, settle or dismiss an Action at any time. If the Association institutes or intervenes in an Action on a Claim, the Association's standing shall be exclusive, and the Owners shall thereafter be barred from instituting a new Action or maintaining a pending Action on the same Claim. The Association's election to institute or intervene in an Action on a particular Claim shall not create any affirmative obligation on the part of the Association to maintain, settle or dismiss the Action, except in the Association's sole discretion, and subject to Section 12.4. If the Association elects to settle an Action, the terms of the settlement shall be binding on the Owners, and the Owners shall be barred from instituting or continuing any other Action on the same

Claim. If the Association elects to dismiss an Action, the dismissal shall be with prejudice to the institution or continuation by one or more Owners of any Action on the same Claim.

4.3 **STANDARD OF CARE, NON-LIABILITY.**

4.3.1 **Scope of Powers and Standard of Care.**

(a) ***General Scope of Powers.*** Rights and powers conferred on the Board, the Design Review Committee or other committees or representatives of the Association by the Governing Documents are not duties, obligations or disabilities charged upon those Persons unless the rights and powers are explicitly identified as including duties or obligations in the Governing Documents or law. Unless a duty to act is imposed on the Board, the Design Review Committee or other committees or representatives of the Association by the Governing Documents or law, the Board, the Design Review Committee and the committees have the right to decide to act or not act. Any decision not to act is not a waiver of the right to act in the future.

(b) ***Business Affairs.*** This Section 4.3.1(b) applies to Board member actions in connection with management, personnel, maintenance and operations, insurance, contracts and finances, and Design Review Committee member actions. Each Board member shall perform the duties of a Board member in good faith, in a manner the Board member believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. When performing his duties, a Board member is entitled to rely on information, opinions, reports or statements, including financial data prepared or presented by:

(i) One (1) or more officers or employees of the Association whom the Board member believes to be reliable and competent in the matters presented;

(ii) Counsel, independent accountants or other Persons as to matters which the Board member believes to be within such Person's professional or expert competence; or

(iii) A committee of the Board upon which the Board member does not serve, as to matters under its designated authority, which committee the Board member believes to merit confidence, so long as, in any such case, the Board member acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

This Section 4.3.1(b) is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Association. All modifications and interpretations of the business judgment rule applicable to the Association shall be interpreted to modify and interpret this Section 4.3.1(b).

(c) ***Association Governance.*** This Section 4.3 applies to Board actions and Design Review Committee decisions in connection with interpretation and enforcement of the Governing Documents, architectural and landscaping control, regulation of

uses within the Community, rule-making and oversight of committees. Actions taken or decisions made in connection with these matters shall be reasonable, fair and nondiscriminatory.

4.3.2 **Non-liability**.

(a) ***General Rule***. No Person is liable to any other Person (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from the Person's willful or malicious misconduct. No Person is liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct. The Association is not liable for damage to property in the Community unless caused by the negligence of the Association, the Board, the Association's officers, the Manager or the Manager's staff.

(b) ***Non-liability of Volunteer Board Members and Officers***. A volunteer Board member or volunteer Association officer shall not be personally liable to any Person who suffers injury, including bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer officer or Board member if all applicable conditions specified in California Civil Code Section 5800 are met.

(c) ***Non-liability of Owners***. Pursuant to California Civil Code Section 5805, no Owner shall be liable for any cause of action in tort which can be brought against the Owner solely because of the Owner's undivided interest in the Common Area so long as the Association keeps one (1) or more policies of insurance which include coverage for general liability of the Association in the amount required by California Civil Code Section 5805 and that insurance is in effect for the cause of action being brought.

4.4 **MEMBERSHIP**.

4.4.1 **Generally**. Every Owner shall automatically acquire a Membership in the Association and retain the Membership until such Owner's Lot ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot is the sole qualification for Membership. Memberships are not assignable except to the Person to whom title to the Lot is transferred, and every Membership is appurtenant to and may not be separated from the fee ownership of the Lot. The rights, duties, privileges and obligations of all Owners are as provided in the Governing Documents.

4.4.2 **Transfer**. The Membership of any Owner may not be transferred, pledged or alienated in any way, except on the transfer or encumbrance of such Owner's Lot, and then only to the transferee or Mortgagee of the Owner's Lot. A prohibited transfer is void and will not be reflected in the records of the Association. Any Owner who has sold the Owner's Lot to a contract purchaser under an agreement to purchase may delegate the Owner's Membership rights to the contract purchaser. The delegation must be in writing and must be delivered to the Association before the contract purchaser may vote. The contract seller shall remain liable for all Assessments attributable to the contract seller's Lot which accrue before title to the Lot is

transferred. If the contract seller fails or refuses to delegate his Membership rights to the contract purchaser before the Close of Escrow, the Association may record the transfer to the contract purchaser in the Association's records. However, no contract purchaser will be entitled to vote at Association meetings during the term of a purchase contract without satisfactory evidence of the delegation of the contract seller's Membership rights to the contract purchaser. The Association may levy a reasonable transfer fee against a new Owner and such Owner's Lot (which fee shall be paid through escrow or added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the Membership to the new Owner on the Association's records. Such fee may not exceed the Association's actual cost involved in changing its records.

4.4.3 **Classes of Membership.** The Association classes of voting Membership are as follows:

(a) ***Class A.*** Class A members are all Owners except Declarant and Neighborhood Builders for so long as a Class B Membership exists. Class A members are entitled to one (1) vote for each Lot owned by such Class A members which is subject to Assessment. Declarant and Neighborhood Builders shall become Class A members on conversion of Declarant's and Neighborhood Builder's Class B Membership as provided below. The vote for each Lot shall be exercised in accordance with Section 4.5.1, but no more than one (1) Class A vote may be cast for any Lot.

(b) ***Class B.*** The Class B members are Declarant and the Neighborhood Builders. The Class B members are entitled to three (3) votes for each Lot owned by such Class B member which is subject to Assessment. The Class B Membership shall convert to Class A Membership on the earlier to occur of the following events:

(i) The second (2^{nd}) anniversary of the first Close of Escrow in the most recent Phase; or

(ii) The fourth (4^{th}) anniversary of the first Close of Escrow in Phase 1.

4.4.4 **Class B Board Appointment Right.** The Class B Membership shall also include a limited right of the Declarant to appoint a simple majority of the members of the Board of Directors (the ***"Board Appointment Right"***).

(a) ***Limits on Exercise of Board Appointment Right.*** Until the expiration of the Board Appointment Right as determined below, Declarant and Neighborhood Builders shall not be permitted to cast any Class A or Class B vote to elect any member of the Board of Directors. Declarant's power to fill seats on the Board shall during that time be limited to exercise of the Board Appointment Right.

(b) ***Term of Board Appointment Right.*** The Board Appointment Right shall remain effective until the earlier of:

(i) the date on which the Class B Membership converts to Class A Membership; or

(ii) the date on which Declarant and Neighborhood Builders no longer own any portion of the Community or Annexable Territory.

(c) ***No Amendment without Declarant Consent.*** Notwithstanding anything to the contrary in this Declaration, this Section 4.4.4 shall not be amended without the prior written consent of Declarant until Declarant and Neighborhood Builders no longer owns any portion of the Community or Annexable Territory.

4.5 **VOTING RIGHTS.** Voting rights attributable to the Lots in a Phase shall be exercised only after Annual Assessments have commenced in the Phase.

4.5.1 **Limits Generally.** All voting rights are subject to the Governing Documents. Except as provided in Sections 4.5.2 and 12.3 of this Declaration and as provided in the Bylaws, as long as there is a Class B Membership, any provision of the Governing Documents which expressly requires the vote or written consent of a specified percentage (instead of a majority of a quorum) of the Association's voting power before action may be undertaken shall require the approval of such specified percentage of the voting power of both the Class A and the Class B Memberships. Except as provided in Section 12.3 of this Declaration and as provided in the Bylaws, on termination of the Class B Membership, any provision of the Governing Documents which expressly requires the vote or written consent of Owners representing a specified percentage (instead of a majority of a quorum) of the Association's voting power before action may be undertaken shall then require the vote or written consent of Owners representing such specified percentage of both (a) the Association's total Class A voting power, and (b) the Association's Class A voting power represented by Owners other than Declarant and Neighborhood Builders.

4.5.2 **Votes Concerning Fix-It Law Claims.** Commencing on the date of the first Close of Escrow in the Community, Declarant relinquishes control over the Association's ability to decide whether to initiate a Fix-It Law Claim, and Neighborhood Builders relinquish any control they may have over the Association's ability to decide whether to initiate a Fix-It Law Claim in a Neighborhood Builder Dispute. This means that Declarant, Neighborhood Builders, current employees and agents of Declarant and Neighborhood Builders, Board members who are appointed by Declarant, Board members elected by a majority of votes cast by Declarant or Neighborhood Builders, and all other Persons whose vote or written consent is inconsistent with the intent of the preceding sentence, are prohibited from participating and voting in any decision of the Association's Board or the members of the Association to initiate or file a Fix-It Law Claim whether in connection with a Dispute or a Neighborhood Builder Dispute. All such Association consents shall be obtained in accordance with Section 12.4.2 below.

4.5.3 **Joint Ownership.** When more than one (1) Person holds an interest in any Lot (each, a ***"Co-owner"***), each Co-owner may attend any Association meeting, but only one (1) Co-owner shall be entitled to exercise the single vote to which the Lot is entitled. Co-owners owning the majority interests in a Lot may designate in writing one (1) of their number to vote. Fractional votes shall not be allowed and the vote for each Lot shall be exercised, if at all, as a unit. Where no voting Co-owner is designated or if the designation is revoked, the vote for the Lot shall be exercised as the Co-owners owning the majority interests in the Lot agree. Unless

the Association receives a written objection in advance from a Co-owner, it shall be conclusively presumed that the voting Co-owner is acting with his Co-owners' consent. No vote may be cast for any Lot if the Co-owners present in person or by proxy owning the majority interests in such Lot fail to agree to the vote or other action. The nonvoting Co-owner or Co-owners are jointly and severally responsible for all obligations imposed on the jointly-owned Lot and are entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Governing Documents are binding on all Owners and their successors in interest.

ARTICLE V
DESIGN REVIEW COMMITTEE

5.1 **MEMBERS OF COMMITTEE.** The Design Review Committee shall be composed of three (3) members. The initial members of the Design Review Committee shall be representatives of Declarant (or Declarant and Neighborhood Builders) until one (1) year after the original issuance of the Public Report for Phase 1 (***"First Anniversary"***). After the First Anniversary, the Board may appoint and remove one (1) member of the Design Review Committee, and Declarant may, but is not obligated to, appoint and remove a majority of the members of the Design Review Committee and fill any vacancy of such majority, until the earlier to occur of (a) Close of Escrow for the sale of ninety percent (90%) of all the Lots in the Community and the Annexable Territory, or (b) the fifth (5^{th}) anniversary of the original issuance of the Public Report for Phase 1, after which the Board may appoint and remove all members of the Design Review Committee. Design Review Committee members appointed by the Board must be Owners, but Design Review Committee members appointed by Declarant need not be Owners. Members of the Board of Directors may serve as Design Review Committee members.

5.2 **POWERS AND DUTIES.**

5.2.1 **General Powers and Duties.** The Design Review Committee shall consider and act upon all plans and specifications submitted for its approval, including inspection of work in progress to assure conformity with plans approved by the Design Review Committee, and shall perform such other duties as the Board assigns to it.

5.2.2 **Issuance of Standards.** The Design Review Committee shall annually issue and update its Design Guidelines and provide notice of any requirements for Committee approval of proposed Improvements. The notice shall describe the types of proposed Improvements that require Committee approval, and it shall include a copy of the procedure used to review and approve or disapprove such proposed Improvements. The Design Guidelines may require a fee to accompany each application for approval, and may identify additional factors which the Design Review Committee will consider in reviewing submissions. The Design Review Committee may provide that fees it imposes be uniform, or that fees be determined in any other reasonable manner. The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper, including landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors.

5.2.3 **Retaining Consultants.** The Design Review Committee has the power, but not the duty, to retain licensed architects, contractors and other professionals to advise its members in connection with decisions.

5.3 REVIEW OF PLANS AND SPECIFICATIONS.

5.3.1 **Improvements Requiring Approval.** No construction, reconstruction, installation, removal or alteration of any outdoor Improvement on a Lot, including landscaping, grading, excavation, filling or other alteration to the grade or level of the land, may be commenced by any Owner without prior Design Review Committee approval. However, a Residence may be repainted or refinished without prior Design Review Committee approval so long as the Residence is repainted or refinished with materials that are identical to the materials originally used by Declarant or Neighborhood Builders or last applied to the Improvement with Committee approval (as applicable). The provisions of this Article apply to construction, installation and alteration of solar energy systems, as defined in Section 801.5 of the California Civil Code, subject to the provisions of California Civil Code Sections 714 and 714.1, the applicable Building Code, zoning regulations, and other laws.

5.3.2 **Application Procedure.** Owners who seek Committee approval shall submit plans and specifications showing the dimensions, exterior elevation, color, materials used and location of the proposed Improvements, along with a review fee in an amount set in writing from time to time by the Committee, along with all other review materials required under this Article (collectively, an ***"Application"***). Until changed by the Board, the address for the submission of the Application is the Association's principal office. The form of Application used by the Design Review Committee may include spaces allowing "Adjacent Owners" to sign or initial the Application confirming that they have been notified of the application. The Design Review Committee may establish a definition of "Adjacent Owners" in its Design Guidelines. Applications will be complete and may be approved or disapproved by the Design Review Committee even if all of the Adjacent Owners do not initial the Applications so long as the Owner submitting plans and specifications (***"Applicant"***) certifies that the Applicant has asked the Adjacent Owners to sign the Applications. The requirement that the Applicant attempt to obtain the signatures of Adjacent Owners is intended only to provide notice of the pending application to the Adjacent Owners. It does not create in the Adjacent Owners any power to approve or disapprove the Application by signing or withholding a signature. Only the Committee may approve or disapprove an Application.

The Design Review Committee shall deliver its written approval, disapproval, or request for additional information or materials to the Applicant at the address listed in the Application no later than the date that is forty-five (45) calendar days after the date on which the Design Review Committee has received the complete Application (***"Review Deadline"***). If, on the Review Deadline, the Committee has failed to deliver to the Applicant its written approval, disapproval, or request for additional information or materials, then the Application shall be deemed approved, and the Manager or a representative of the Board or Committee shall at the written request of the Applicant execute a written approval therefor within fifteen (15) days of receipt of the written request. A decision on a proposed Improvement shall be consistent with California law, made in good faith and may not be unreasonable, arbitrary or capricious. If disapproved, the written decision shall include both an explanation of why the proposed

Improvement is disapproved and a description of the procedure for reconsideration by the Board. Issuance of permits by a Local Government Agency does not remove the requirement that the Applicant obtain the approval of the Design Review Committee before commencing construction of the proposed Improvements.

5.3.3 **Standard for Approval.** The Design Review Committee shall approve an Application only if it determines that (a) installation, construction or alterations of the Improvements in the locations proposed will not be detrimental to the appearance of the Community as a whole, (b) the appearance of the proposed Improvements will be in harmony with the existing Improvements and the overall design theme in the Community, (c) installation, construction or alteration of the proposed Improvements will not detract from the beauty, wholesomeness and attractiveness of the Community or the enjoyment of the Community by the Owners, (d) maintenance of the proposed Improvements will not become a burden on the Association, and (e) the proposed Improvements are consistent with the Governing Documents. The Committee's decision on any proposed change may not violate any governing provision of law, including the Fair Employment and Housing Act, or a building code or other applicable law governing land use or public safety. The Committee may consider the impact of views from other Lots, reasonable privacy right claims, passage of light and air, beneficial shading and other aesthetic factors in reviewing, approving or disapproving any Application. However, neither the Declarant, Neighborhood Builders nor the Association warrants that any views in the Community are protected. No Lot is guaranteed the existence or unobstructed continuation of any particular view.

5.3.4 **Conditions of Approval.** The Design Review Committee may condition its approval of an Application for any Improvement on any one (1) or more of the following: (a) the Applicant's agreement to furnish the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Common Area or another Owner's Lot as a result of such work; (b) such changes to the Application as the Design Review Committee considers appropriate; (c) the Applicant's agreement to grant to the Association or other Owners such easements as are made reasonably necessary by the existence of the Improvement; (d) the Applicant's agreement to install water, gas, electrical or other utility meters to measure any increased utility consumption; (e) the Applicant's agreement to reimburse the Association for the cost of maintaining the Improvement (should the Association agree to accept maintenance responsibility for the Improvement as built); or (f) the Applicant's agreement to complete the proposed work within a stated period of time. The Committee may also require the Applicant, prior to commencing work, to deposit with the Association adequate funds to repair or restore any Common Property that may be damaged by the Applicant or the Applicant's contractors. The Design Review Committee will determine the actual amount of the deposit in each case, but the amount shall be at least enough to cover the cost of repairing or restoring damage that is reasonably foreseeable to the Design Review Committee. The deposit shall be refundable to the extent the Design Review Committee finds that the work of Improvement is complete, and that the Common Property was not damaged or was restored at least to the condition it was in prior to the commencement of work.

The Design Review Committee has the right to require a reasonable security deposit with each Application. The security deposit will be applied to the cost of repairing damage to Common Property as a result of the Application. The amount of the security deposit

shall be specified in the Design Guidelines. The security deposit may be increased or decreased from time to time at the discretion of the Design Review Committee. The Design Review Committee may also require submission of additional plans and specifications or other information before approving or disapproving material submitted. The Applicant shall meet any review or permit requirements of the and/or County before making any construction, installation or alterations permitted under this Declaration.

5.3.5 **Governmental Approvals**. The Applicant shall meet the requirements of all applicable ordinances, codes and regulations of the Local Government Agencies, including zoning laws, building and safety codes, fire codes and applicable inspection and permit requirements before making any construction, installation or alterations permitted under this Declaration. All approvals issued by the Committee are in addition to, and not in lieu of, applicable governmental approvals, which the Applicant must also obtain at his sole cost, prior to or concurrently with Committee approvals, and before commencing any work. Furthermore, governmental approvals are in addition to, and not in lieu of, Committee approvals required under the Governing Documents. No determination by any Local Government Agency that the Applicant has met applicable governmental requirements for a particular Improvement shall relieve the Applicant of its obligation to obtain all required Committee approvals required under this Article and the Governing Documents.

5.3.6 **Matters Outside Scope of Approval**. The Design Review Committee's approval or disapproval of each Application shall be based solely on the aesthetic considerations listed in this Article. Approval of any Application does not constitute a finding or a warranty by the Design Review Committee that the work of Improvement described in the Application (a) incorporates good engineering practices, (b) complies with applicable law, ordinance, code or regulation, including zoning laws, building and safety codes or fire codes, (c) complies with the requirements of any utility provider, or (d) is permissible under the terms of any easement, license, permit, Mortgage, deed of trust, or other recorded or unrecorded instrument (other than the Governing Documents) that affects the land. Nothing in this Declaration shall be construed to require Design Committee approval of any construction, reconstruction, installation, removal or alteration of an Improvement by Declarant, any Neighborhood Builder or by the Association.

5.3.7 **Exculpation of Committee**. By submitting an Application, each Applicant is deemed to agree that neither the Design Review Committee, nor the members thereof, nor Declarant, nor Neighborhood Builders, nor their respective agents, employees, attorneys or consultants shall be liable to any Person for:

(a) Any matter outside the Committee's scope of approval as discussed in Section 5.3.6 above;

(b) Any defect in any Improvement constructed by or on behalf of the Applicant pursuant to an approved Application;

(c) Any loss, damage, or injury to Persons or property arising out of or in any way connected with work performed by or on behalf of the Applicant pursuant to an approved Application; or

(d) Any loss, damage, or injury to Persons or property arising out of or in any way connected with the performance of the Design Review Committee's duties hereunder, unless due to willful misconduct or gross negligence.

5.4 **MEETINGS AND ACTIONS OF THE DESIGN REVIEW COMMITTEE.** The Design Review Committee shall meet as necessary to perform its duties. The Design Review Committee may, by resolution unanimously adopted in writing, designate an Owner or a Declarant representative to serve as a ***"Design Review Committee Representative"*** to take any action or perform any duties for and on behalf of the Design Review Committee except the granting of variances. The Design Review Committee Representative need not be a current member of the Design Review Committee. In the absence of such designation, the vote or written consent of a majority of the Design Review Committee constitutes an act of the Design Review Committee. All approvals issued by the Design Review Committee must be in writing. Verbal approvals issued by the Design Review Committee, any individual Design Review Committee member or any other representative of the Association are not valid, are not binding on the Association and may not be relied on by any Person. If within six (6) months of issuance of the approval, an Owner either does not commence work pursuant to approved plans or obtain an extension of time to commence work, the approval shall be automatically revoked and a new approval must be obtained before work can be commenced.

5.5 **NO WAIVER OF FUTURE APPROVALS.** The Design Review Committee's approval of any proposals, plans and specifications or drawings for any work done or proposed in connection with any matter requiring the Design Review Committee's approval does not waive the right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

5.6 **COMPENSATION OF MEMBERS.** The Design Review Committee's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties.

5.7 **INSPECTION OF WORK.** The Design Review Committee or its duly authorized representative may inspect any work for which approval of plans is required under this Article (***"Work"***). The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy (including removal of) any noncompliance with the Design Review Committee-approved plans for the Work or with the requirements of this Declaration (***"Noncompliance"***).

5.7.1 **Time Limit for Inspections.** When the Work is complete, the Applicant shall immediately provide the Committee with written notice of completion on the form prescribed by the Committee. The Design Review Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate on the date that is sixty (60) calendar days after the date on which the Committee has received written notice from the Applicant on a form provided by the Committee that the Work is complete. If the Design Review Committee fails to send a written notice of Noncompliance to an Applicant before this time limit expires, the Work shall be deemed to comply with the approved Application.

5.7.2 **Noncompliance**. If an Improvement that requires the prior approval of the Design Review Committee is (a) commenced or completed without prior written approval by the Committee, or (b) an Improvement is not completed within the time limit established by the Committee in its approval, or (c) an Improvement is not completed in substantial conformity with the approved Application, or (d) if no time limit is established by the Committee, the Applicant fails to complete the Work within one (1) year of the date on which the Application was approved, then a Noncompliance is deemed to exist, and then the Committee has the right, but not the obligation, to deliver a written notice of Noncompliance to the violating Owner, and the Association may, but is not required to, pursue the remedies set forth in this Section.

5.7.3 **Remedy for Noncompliance**. The Committee shall notify the Board in writing when an Owner fails to remedy any Noncompliance within sixty (60) days after the date of the notice of Noncompliance. After Notice and Hearing, the Board shall determine whether there is Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days after the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Association may record a Notice of Noncompliance (if allowed by law), correct the Noncompliance and charge the Owner for the Association's costs, or commence an action for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

5.8 **VARIANCES**. The Design Review Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or the Design Guidelines including restrictions on height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration require. Variances must be evidenced in writing, must be signed by a majority of the Committee, and become effective on Recordation. After Declarant's right to appoint a majority of the Design Review Committee's members expires, the Board must approve any variance recommended by the Design Review Committee before any such variance becomes effective. If variances are granted, no violation of the covenants, conditions and restrictions in this Declaration shall be deemed to have occurred with respect to the matter for which the variances were granted. The granting of a variance does not waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision of this Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of the Owner's Lot. The Committee's written variance shall be Recorded against the Applicant's Lot in the Official Records. The cost of Recording the variance shall be borne solely by the Applicant. No variance shall conflict with local ordinances or any specific plan for the Community without the prior written approval of the County.

5.9 **PRE-APPROVALS**. The Design Review Committee may authorize pre-approval of specified types of construction activities if, in the exercise of the Design Review Committee's judgment, a pre-approval is appropriate to carry out the purposes of the Governing Documents.

5.10 **APPEALS**. If a proposed Improvement is disapproved, the Applicant is entitled to reconsideration by the Board of Directors at an open meeting that satisfies the requirements of Civil Code Section 4900, *et seq*. This paragraph does not require reconsideration of a decision

that is made by the Board, or the Design Review Committee if the Committee has the same membership as the Board.

ARTICLE VI
PROPERTY EASEMENTS AND RIGHTS

6.1 EASEMENTS.

6.1.1 **Maintenance and Repair**. Declarant and Neighborhood Builders reserve for the benefit of the Association and all Association agents, officers and employees, nonexclusive easements over the Community as necessary to fulfill the obligations and perform the duties of the Association.

6.1.2 **Utility Easements**. Declarant and Neighborhood Builder reserve easements to install and maintain utilities over the Common Area for the benefit of the Owners and their Lots. Declarant and Neighborhood Builders reserve the right to grant additional easements and rights-of-way throughout the Community to utility companies and public agencies as they deem necessary for the proper development and disposal of the Community. Such right of Declarant and Neighborhood Builders shall expire on the Close of Escrow for the sale of the last Lot in the Community and the Annexable Territory.

6.1.3 **Encroachments**. Declarant and Neighborhood Builders reserve, for their benefit and for the benefit of all Owners and their Lots, a reciprocal easement appurtenant to each Lot over the other Lots and the Common Area to accommodate (a) any existing encroachment of any wall or any other Improvement installed by Declarant or a Neighborhood Builder or approved by the Design Review Committee, and (b) shifting, movement or natural settling of the Residences or other Improvements. Use of the easements may not unreasonably interfere with each Owner's use and enjoyment of the burdened Residences.

6.1.4 **Easements for Public Service Use**. Declarant and Neighborhood Builders reserve easements over the Community for public services of the Local Government Agencies, including but not limited to, the right of law enforcement and fire protection personnel to enter upon the Community to carry out their official duties.

6.1.5 **Easements for Water and Utility Purposes**. Declarant and Neighborhood Builders reserve easements over the Community for public and private utility purposes, including but not limited to, the right of any public utility or mutual water district of ingress and egress over the Community to read and maintain meters, and use and maintain fire hydrants.

6.1.6 **Completion of Improvements**. Declarant and Neighborhood Builders reserve the right and easement to enter the Community to complete any Improvement which Declarant or Neighborhood Builders consider desirable to implement Declarant's and Neighborhood Builder's development plans.

6.1.7 **Owners' Easements in Common Area**. Declarant and Neighborhood Builders reserve, for the benefit of every Owner, and each Owner's Family, tenants and invitees, nonexclusive easements for pedestrian and vehicular access (all as applicable) over the Common

Area in the Community as reasonably necessary for the use and enjoyment of each Lot in the Community. This easement is appurtenant to and passes with title to every Lot in the Community.

6.1.8 **Drainage Easements**. Declarant and Neighborhood Builders reserve, for the benefit of the Community, the Owners and the Association, reciprocal nonexclusive easements for drainage of water over, across and on the Community.

6.1.9 **Easements for Maintenance of Association Maintenance Areas**. Declarant reserves, for the benefit of the Association, nonexclusive easements over the Lots, as necessary for access and maintenance of Association Maintenance Areas described herein and depicted on ***Exhibit E,*** and as described in any Supplemental Declaration. No owner may interfere with the Association's exercise of its rights under the easements reserved in this Section.

6.1.10 **Easements for Maintenance of CSA Maintenance Areas**. Declarant reserves, for the benefit of the County and County Service Area, nonexclusive easements over the Lots, as necessary for access and maintenance of CSA Maintenance Areas described in this Declaration or depicted on ***Exhibit G*** or in a Supplemental Declaration. No owner may interfere with the County or County Service Area's exercise of its rights under the easements reserved in this Section.

6.1.11 **Telecommunications Easement**. Declarant and Neighborhood Builders reserve blanket easements (collectively, ***"Telecommunications Easements"***) over the Community for access and for purposes of constructing, installing, locating, altering, operating, maintaining, inspecting, upgrading, removing and enhancing Telecommunications Facilities (collectively, ***"Telecommunications Purposes"***) for the benefit of Declarant and Neighborhood Builders. Such easements are freely transferable by Declarant or a Neighborhood Builder to any other Person and their successors and assigns. No one, except for Declarant, Neighborhood Builders and Declarant's and Neighborhood Builder's transferees, may use the Community for Telecommunications Purposes. All Telecommunications Facilities shall be owned, leased or licensed by Declarant or a Neighborhood Builder, as determined by Declarant or a Neighborhood Builder with Declarant's consent, in their sole discretion and business judgment. Transfer of the Community does not imply transfer of any Telecommunications Easements or Telecommunications Facilities. The holders of the Telecommunications Easements may not exercise the rights reserved hereunder in any manner which will unreasonably interfere with the reasonable use and enjoyment of the Community by any Owner. If the exercise of any Telecommunications Easement results in damage to the Community, then the easement holder who caused the damage shall, within a reasonable period of time, repair such damage. If Declarant has not conveyed the Telecommunications Easements in a Phase to another Person before the last Close of Escrow in the Community and the Annexable Territory, then Declarant and Neighborhood Builders grant the Telecommunications Easements to the Association effective as of the last Close of Escrow in the Community and the Annexable Territory.

6.2 **ADDITIONAL EASEMENTS**. Declarant and Neighborhood Builders reserve easements over the Common Area owned in fee simple by the Association for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, and

landscaping area. Subject to Section 4.2.7, any such easement may be conveyed by the Declarant or a Neighborhood Builder before the last Close of Escrow for sale of a Lot in the Community and the Annexable Territory. Such conveyance must be approved by the Board, which approval must not be unreasonably withheld. The purpose of the easement, the portion of the Common Area affected, the Lot to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in a Recorded grant of easement.

6.3 **DELEGATION OF USE.** Any Owner may delegate his right to use the Common Area owned in fee simple by the Association in writing to his tenants, contract purchasers or subtenants who reside in such Owner's Residence, subject to regulation by the Board.

6.4 **RIGHT OF ENTRY.**

6.4.1 **Association.** The Association has the right to enter the Lots to inspect the Community, and may take whatever corrective action it determines to be necessary or proper. Entry onto any Lot under this Subsection may be made after at least three (3) days' advance written notice to the Owner of the Lot except for emergency situations, which shall not require notice. Nothing in this Subsection limits the right of an Owner to exclusive occupancy and control over the portion of the Owner's Lot that is not an Association Maintenance Area. Any damage to a Residence or Lot caused by entry under this Subsection shall be repaired by the Association.

6.4.2 **Declarant and Neighborhood Builders.** The Declarant and each Neighborhood Builder has the right to enter the Lots and the Common Area (a) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Community or Annexable Territory, (b) for repair of Improvements in accordance with the provisions of the Fix-It Law, (c) to accommodate grading or construction activities, and (d) to comply with requirements of applicable governmental agencies. Declarant or the applicable Neighborhood Builder shall provide the applicable Owner reasonable notice before such entry, except for emergency situations, which shall not require notice. Any damage to the Community that is caused by entry under this Subsection shall be repaired by the Declarant or the Neighborhood Builder, as applicable. Unless otherwise specified in the applicable initial grant deed by which Declarant or a Neighborhood Builder has transferred ownership of the subject Lot or subject Common Property, this right of entry shall automatically expire on the later of the date that is twelve (12) years after the date of Recordation of this Declaration in the Official Records, or the date that is twelve (12) years after the date of Recordation of the grant deed by which Declarant or a Neighborhood Builder first conveyed fee title to the subject real property under authority of a Public Report issued by the CalBRE.

6.4.3 **Owners.** Each Owner shall permit other Owners, and their representatives, to enter the Owner's Lot to perform installations, alterations or repairs to the mechanical or electrical services to a Lot if (a) requests for entry are made in advance, (b) entry is made at a time reasonably convenient to the Owner whose Lot is to be entered; and (c) the entered Lot is left in substantially the same condition as existed immediately preceding such entry. Any damage to the Lot caused by entry under this Subsection shall be repaired by the entering Owner.

ARTICLE VII
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

7.1 **PERSONAL OBLIGATION TO PAY ASSESSMENTS.** Each Owner shall pay to the Association all Assessments established and collected pursuant to this Declaration. The Association shall not levy or collect any Assessment that exceeds the amount necessary for the purpose for which it is levied. All Assessments, together with late payment penalties, interest, costs, and reasonable attorney fees for the collection thereof, are a charge and a continuing lien on the Lot against which such Assessment is made. Each Assessment, together with late payment penalties, interest, costs and reasonable attorney fees, is also the personal obligation of the Person who was the Owner of the Lot when the Assessment accrued. The personal obligation for delinquent Assessments may not pass to any new Owner (***"Purchaser"***) unless expressly assumed by the Purchaser or unless the Purchaser has actual or constructive knowledge of such delinquent Assessments, whether by virtue of the Recordation of a Notice of Delinquent Assessment or receipt from the Association of a certificate pursuant to California Civil Code Section 4525.

7.2 **ASSOCIATION MAINTENANCE FUNDS.** The Association shall establish no fewer than two (2) separate Association Maintenance Fund accounts into which shall be deposited all money paid to the Association and from which disbursements shall be made, as provided in this Declaration. The Association Maintenance Funds may be established as trust accounts at a banking or savings institution and shall include: (a) an Operating Fund for current Common Expenses; (b) an adequate Reserve Fund for the portion of Common Expenses allocated to (i) reserves for Improvements which the Board does not expect to repair or replace on an annual or more frequent basis, and (ii) payment of deductible amounts under the insurance policies kept in effect by the Association; and (c) any other funds which the Association may elect to establish.

7.3 **PURPOSE OF ASSESSMENTS.** The Assessments shall be used exclusively to (a) promote the Owners' welfare, (b) operate, improve and maintain the Common Property, and (c) discharge any other Association obligations under this Declaration. All amounts deposited into the Association Maintenance Funds must be used solely for the common benefit of all Owners for purposes authorized by this Declaration. Disbursements from the Operating Fund generally shall be made by the Association to discharge Association responsibilities which cannot be discharged by disbursements from the Reserve Fund. However, if the Board determines that the Operating Fund contains excess funds, the Board may transfer the excess funds to any other Association Maintenance Fund. Disbursements from the Reserve Fund shall be made by the Association only for the purposes specified in this Article and in California Civil Code Sections 5510(b) and 5515.

7.4 **WAIVER OF USE.** No Owner may exempt himself from personal liability for Assessments duly levied by the Association, nor release such Owner's Lot from the liens and charges thereof, by waiving use and enjoyment of the Common Property or by abandoning such Owner's Lot.

7.5 **LIMITS ON ANNUAL ASSESSMENT INCREASES.** The following shall apply to the general component of Annual Assessments:

7.5.1 **Maximum Authorized Annual Assessment For Initial Year of Operations**. During the Fiscal Year in which Annual Assessments commence, the Board may levy an Annual Assessment per Lot in an amount that is more than twenty percent (20%) greater than the amount of Annual Assessments disclosed for the Community in the most current Budget filed with and reviewed by the CalBRE only if the Board first obtains the approval of Owners casting a majority of votes at a meeting or election of the Association in which more than fifty percent (50%) of the Lots are represented (***"Increase Election"***). This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.4.

7.5.2 **Maximum Authorized Annual Assessment For Subsequent Fiscal Years**. During the Fiscal Years following the Fiscal Year in which Annual Assessments commence, the Board may levy Annual Assessments which exceed the Annual Assessments for the immediately preceding Fiscal Year only as follows:

(a) If the increase in Annual Assessments is less than or equal to twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must either (i) have distributed the Budget for the current Fiscal Year in accordance with California Civil Code Section 5300, or (ii) obtain the approval of Owners casting a majority of votes in an Increase Election; or

(b) If the increase in Annual Assessments is greater than twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must obtain the approval of Owners casting a majority of votes in an Increase Election.

This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.4.

7.5.3 **Supplemental Annual Assessments**. If the Board determines that the Association's essential functions may be properly funded by an Annual Assessment in an amount less than the maximum authorized Annual Assessment described above, it may levy such lesser Annual Assessment. If the Board determines that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses, it shall immediately determine the approximate amount of the inadequacy. Subject to the limits described in Sections 7.5.1, 7.5.2 and 7.5.4, the Board may levy a supplemental Annual Assessment reflecting a revision of the total charges to be assessed against each Lot.

7.5.4 **Emergency Situations**. For purposes of Sections 7.5.1, 7.5.2 and 7.7, an "Emergency Situation" is any one of the following:

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

(b) An extraordinary expense necessary to maintain the portion of the Community for which the Association is responsible where a threat to personal safety on the Community is discovered; and

(c) An extraordinary expense necessary to maintain the portion of the Community for which the Association is responsible that could not have been reasonably

foreseen by the Board when preparing the Budget. Before imposing or collecting an Assessment pursuant to this subsection (c), the Board shall adopt a resolution containing written findings regarding the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Owners with the notice of the assessment.

7.6 **ANNUAL ASSESSMENTS.**

7.6.1 **Commencement of Annual Assessments.** Except as provided below, Annual Assessments shall commence on all Lots in a Phase on the first day of the first calendar month following the first Close of Escrow in such Phase.

7.6.2 **Delayed Commencement in Model Phases without Production Lots.** Notwithstanding Section 7.6.1 above, in a Model Phase with no Production Lots, the Close of Escrow for a Model Lot Sale shall not automatically cause the commencement of Annual Assessments in the Model Phase, nor the conveyance of Common Property in the Model Phase to the Association, nor shall the Association have any obligation to maintain any Common Property in the Model Phase. On the first Close of Escrow for a Model Lot Sale, the following provisions shall apply:

(a) Annual Assessments shall commence in the Model Phase on the first day of the first calendar month following the earliest date on which a Model Leaseback Agreement in the Model Phase is no longer in effect; and

(b) The Common Property in the Model Phase shall be conveyed to the Association no later than the date on which Annual Assessments commence in the Model Phase.

7.6.3 **Delayed Commencement in Model Phases with Production Lots.** Notwithstanding Section 7.6.1 above, in a Model Phase that includes Production Lots, the Close of Escrow for sale of one or more Model Lots in such Model Phase shall not automatically cause the commencement of Annual Assessments in the Model Phase, nor the conveyance of Common Property in the Model Phase to the Association, nor shall the Association have any obligation to maintain any Common Property in the Model Phase. If the first Close of Escrow in such Model Phase is for a Model Lot Sale, then the following provisions shall apply:

(a) Annual Assessments shall commence in the Model Phase on the first day of the first calendar month following the earlier to occur of (i) the date of the first Close of Escrow for sale of a Production Lot in the Model Phase, or (ii) the earliest date on which any Model Leaseback Agreement in the Model Phase is no longer in effect; and

(b) The Common Property in the Model Phase shall be conveyed to the Association no later than the earlier to occur of (i) the date of the first Close of Escrow for sale of a Production Lot in the Model Phase, or (ii) the date on which Annual Assessments commence in the Model Phase.

7.6.4 **Assessment and Proration.** Annual Assessments for fractions of a month shall be prorated. Declarant or the applicable Neighborhood Builder shall pay its full pro

rata share of the Annual Assessments on all unsold Lots for which Annual Assessments have commenced. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. However, unless otherwise established by the Board, the initial Annual Assessments shall be assessed in accordance with the most recent Budget on file with and reviewed by the CalBRE. Written notice of any change in the amount of any Annual Assessment, Capital Improvement Assessment or Reconstruction Assessment shall be sent via first-class mail to every Owner subject thereto not less than thirty (30) nor more than sixty (60) days before the increased Assessment becomes due.

7.6.5 **Apportionment of Annual Assessments**. All Annual Assessments shall be assessed uniformly and equally against the Owners and their Lots based on the number of Lots owned by each Owner. The Board may determine that funds in the Operating Fund at the end of the Fiscal Year be retained and used to reduce the following Fiscal Year's Annual Assessments. On dissolution of the Association incident to the abandonment or termination of the Community as a planned development, any amounts remaining in any of the Association Maintenance Funds shall be distributed to or for the benefit of the Owners in the same proportions as such money was collected from the Owners.

7.6.6 **Payment of Annual Assessments**. Each Owner shall pay Annual Assessments in installments at such frequency, in such amounts and by such methods as are established by the Board. If the Association incurs additional expenses because of a payment method selected by an Owner, the Association shall charge the additional expenses to the Owner. Each installment of Annual Assessments may be paid to the Association in one (1) check or in separate checks as payments attributable to specified Association Maintenance Funds. If any payment of an Annual Assessment installment (a) is less than the amount assessed and (b) does not specify the Association Maintenance Fund or Funds into which it should be deposited, then the amount received shall be credited in order of priority first to the Operating Fund, until that portion of the Annual Assessment has been satisfied, and second to the Reserve Fund.

7.7 **CAPITAL IMPROVEMENT ASSESSMENTS**. The Board may levy, in any Fiscal Year, a Capital Improvement Assessment or Reconstruction Assessment to defray, in whole or in part, the cost of any construction, repair or replacement of a capital Improvement or such other addition to the Common Property. No Capital Improvement Assessments in any Fiscal Year which, if added to the Capital Improvement Assessments already levied during such Fiscal Year, exceed five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year, may be levied without the vote or written consent of Owners casting a majority of votes at an Increase Election. The Board may levy, in any Fiscal Year, a Capital Improvement Assessment applicable to that Fiscal Year which exceeds five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year if such increase is necessary for addressing an Emergency Situation as defined in Section 7.5.4.

7.8 **LEVEL ASSESSMENT PROCEDURE**. For so long as Annexable Territory may be added to the Community as a Phase, the Board may elect to implement a level assessment procedure in accordance with applicable CalBRE guidelines (***"Level Assessment Procedure"***), to minimize the need for frequent adjustments in the amount of the Annual Assessments during the development of the Community. Where the Level Assessment Procedure is used, the Annual Assessments for certain Phases may be less than or more than the actual

Common Expenses for a given year. To implement the Level Assessment Procedure, the Board must:

7.8.1 Establish and maintain a separate account for the cumulative operating surplus (***"Cumulative Surplus Fund Account"***);

7.8.2 Use the Cumulative Surplus Fund Account and the funds therein only for the funding of Annual Assessments in a given Fiscal Year (as determined by the Board);

7.8.3 Include in the Inspection Report referenced in Section 2.1.4 a review of the Level Assessment Procedure, to ensure that adequate Annual Assessments are being collected; and

7.8.4 Meet any other requirements which may be imposed by the CalBRE.

ARTICLE VIII
INSURANCE

8.1 **DUTY TO OBTAIN INSURANCE; TYPES.** The Association shall obtain and keep in effect at all times the following insurance coverages:

8.1.1 **Commercial General Liability.** A policy of commercial general liability insurance (including coverage for medical payments), insuring the Association and the Owners against liability for bodily injury, death and property damage arising from or relating to the ownership or use of the Common Property. Such policy shall specify amounts and include protection from liability and risks as are customarily covered in similar planned unit developments in the area of the Community, and shall include a severability of interest endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of other Owners, or the Association or the Association's officers and directors acting in their capacity as officers and directors. The Association's policies shall at all times specify limits no less than the minimum amounts required by California Civil Code Sections 5800 and 5805.

8.1.2 **Fire and Casualty Insurance.** Fire and casualty insurance with extended coverage, special form, without deduction for depreciation, in an amount as near as possible to the full replacement value of all insurable Improvements on the Common Property. The casualty insurance shall not include earthquake coverage unless the Board is directed to obtain earthquake coverage by a majority of the Association's voting power.

8.1.3 **Fidelity Insurance.** Fidelity insurance coverage for any Person handling funds of the Association, whether or not such persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Person during the term of the insurance. The aggregate amount of the fidelity insurance coverage may not be less than the sum equal to one-fourth (1/4) of the Annual Assessments on all Lots in the Community, plus reserve funds.

8.1.4 **Requirements of Fannie Mae, Ginnie Mae, Freddie Mac and FHFA.** Notwithstanding anything in the Governing Documents to the contrary, the amount,

term and coverage of any policy of insurance required under this Article 8 (including the endorsements, the amount of the deductible, the named insureds, the loss payees, standard mortgage clauses, notices of changes or cancellations, and the insurance company rating) shall also satisfy the minimum requirements established for this type of development (if applicable) by Fannie Mae, Ginnie Mae, Freddie Mac and FHFA, and any successor to those entities, so long as any of those entities is a Mortgagee or Owner of a Lot in the Community, except to the extent such coverage is not reasonably available or has been waived in writing by the entity requiring the insurance coverage. If the above entities have not established requirements on any policy required hereunder, the term, amount and coverage of such policy shall, subject to Section 8.1.1 above, be no less than that which is customary for similar policies on similar projects in the area of the Community.

8.1.5 **Other Insurance.** Such other insurance insuring other risks customarily insured by associations managing planned unit developments similar in construction, location and use. Such additional insurance may include general liability insurance and director's and officer's errors and omissions insurance in the minimum amounts established in Section 5805 of the California Civil Code.

8.1.6 **Beneficiaries.** The Association's insurance shall be kept for the benefit of the Association, the Owners and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements established in this Declaration.

8.2 **WAIVER OF CLAIM AGAINST ASSOCIATION.** All policies of insurance kept by or for the benefit of the Association and the Owners must provide that the Association and the Owners waive and release all claims against one another, the Board, Declarant and each Neighborhood Builder, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence or breach of any agreement by any of the Persons.

8.3 **RIGHT AND DUTY OF OWNERS TO INSURE.** Each Owner is responsible for insuring his personal property and all other property and Improvements on the Owner's Lot for which the Association has not purchased insurance in accordance with Section 8.1. Nothing in this Declaration precludes any Owner from carrying any public liability insurance he considers desirable; however, Owners' policies may not adversely affect or diminish any coverage under any of the Association's insurance policies. Duplicate copies of Owners' insurance policies shall be deposited with the Association on request. If any loss intended to be covered by the Association's insurance occurs and the proceeds payable are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of the Owner's insurance to the Association, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

8.4 **NOTICE OF EXPIRATION REQUIREMENTS.** If available, each of the Association's insurance policies must contain a provision that the policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without at least ten (10) days' prior written notice to the Board, Declarant, Neighborhood Builders, and to each Owner and Mortgagee, insurer and guarantor of a First Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer.