

against the Owner solely because of the Owner's undivided interest in the Master Association Property so long as the Master Association keeps one (1) or more policies of insurance which include coverage for general liability of the Master Association in the amount required by California Civil Code Section 5805 and that insurance is in effect for the cause of action being brought.

ARTICLE V DESIGN REVIEW COMMITTEE

5.1 MEMBERS OF COMMITTEE. The Design Review Committee shall be composed of five (5) members. Design Review Committee members appointed by the Board must be Owners, but Design Review Committee members appointed by Declarant need not be Owners. The Design Review Committee has the right and duty to promulgate Design Guidelines against which to examine any request made pursuant to this Article. Board Members may also serve as Design Review Committee members only if a reasonable effort is made to fill the positions on the Design Review Committee with persons who are not Board Members and a position remains vacant. No Design Review Committee member appointed by the Board may be a director or officer of a Neighborhood Association.

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. The Design Review Committee also has the power, but not the duty, to inspect work in progress to assure conformance with plans approved by the Design Review Committee. The Design Review Committee shall perform such other duties as the Board assigns to it. The Design Review Committee shall not have the power to enforce the restrictions contained in the Master Association Governing Documents. This power is reserved to the Board. However, pursuant to the Fuel Modification Plan, the Design Review Committee has the authority to enforce the requirements of the Fuel Modification Plan with respect to any new or modified Improvements submitted for its approval.

5.2.2 Issuance of Design Guidelines. The Design Review Committee has the right to review its Design Guidelines, to prepare more restrictive design guidelines not inconsistent with the Design Guidelines, and to recommend changes to the Board. The Design Guidelines and any changes must be approved by the Board. The Design Guidelines shall include rules or guidelines setting forth procedures for the submission of plans for approval, 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, such as by the reasonable cost of the construction, alterations or installations contemplated. The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper and may require submission of landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. The Design Review Committee shall annually issue its Design Guidelines and provide notice of any requirements for Master Association approval of proposed Improvements. The notice shall describe the types of proposed Improvements that

require Master Association approval and shall include a copy of the procedure used to review and approve or disapprove any proposed Improvements.

5.2.3 **Retaining Consultants.** The Design Review Committee has the power, but not the duty, to retain Persons, including architects, to advise the Design Review Committee in connection with decisions. The Design Review Committee also has the power to delegate its decision-making power to such Persons for approval of plans that are consistent with the Design Guidelines; provided however, that such Persons may not interpret the Design Guidelines, or grant allowances or variances from the Design Guidelines.

5.3 **RIGHTS OF APPOINTMENT.**

5.3.1 **Initial Appointment.** The initial members of the Design Review Committee shall be representatives of Declarant until one (1) year after the first Close of Escrow in the Master Community ("**First Anniversary**").

5.3.2 **By Declarant.** Declarant reserves the power to appoint and remove a majority of the members of the Design Review Committee until either (a) the fifth (5th) anniversary of the first Close of Escrow for the sale of a Lot or Condominium pursuant to the Public Report issued for the first Phase of the Master Community, or (b) the date on which the 1299th Lot or Condominium (ninety percent (90%) of the total number of Lots and Condominiums approved for the Master Community (1443)) in the overall Master Community has been sold, whichever occurs first (the "**Turnover Date**"). Any person appointed to the Design Review Committee by Declarant need not be a Member of the Master Association. Declarant may, in its discretion and at any time prior to the Turnover Date, assign to the Master Association by written instrument its powers of removal and appointment with respect to the Design Review Committee, subject to such terms and conditions regarding the exercise thereof as Declarant may impose.

5.3.3 **By the Board.** After the First Anniversary, the member(s) of the Board who were elected by the Members, other than the Declarant and the Neighborhood Builders, shall have the power to appoint one (1) member to the Design Review Committee until the Turnover Date. From and after the Turnover Date, the Board shall have the power to appoint all of the members of the Design Review Committee; provided however, if on the Turnover Date, Declarant or any Neighborhood Builder owns any Lot in the Master Community or any portion of the Annexable Territory, Declarant reserves the right to appoint one (1) member to the Design Review Committee (the "**Declarant's Representative**"). Declarant's Representative shall serve on the Design Review Committee until Declarant and the Neighborhood Builders no longer own any portion of the Annexable Territory. All persons appointed to the Design Review Committee by the Board shall be a Member of the Master Association.

5.3.4 **Liability of Design Review Committee.** No member of the Design Review Committee shall be liable to any person for the member's decisions or failure to act in making decisions as a member of the Design Review Committee.

5.3.5 **Notice of Appointment.** Whenever a Design Review Committee member is appointed or removed while Declarant and the Board have rights of appointment,

written notice of such appointment or removal must be given by the appointing party to the other party.

5.4 REVIEW OF PLANS AND SPECIFICATIONS.

5.4.1 **Improvements Requiring Approval.** No construction, reconstruction, installation, removal or alteration of an Improvement in the Master Community by an Owner or a Neighborhood Association, including landscaping, grading, excavation, filling or other alteration to the grade or level of the land, may be commenced or maintained until the plans and specifications, along with all other review materials required under this Article (collectively, an "**Application**"), showing the nature, kind, shape, height, width, color, materials and location thereof have been submitted to and approved in writing by the Design Review Committee; provided, however, that any Improvement may be repainted or refinished without Design Review Committee approval so long as the Improvement is repainted or refinished with an approved color or with materials that are identical to the materials originally used by Declarant or last applied to the Improvement with Design Review Committee approval (as applicable). All plans and specifications shall conform to all County codes and regulations. The provisions of this Article also apply to the 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 Section 714 and 714.1, the County Building Code, applicable zoning regulations, and associated County ordinances.

5.4.2 **Application Procedure.** Until changed by the Board, the address for submission of the Application is the Master Association's principal office. All Applications must be sent by United States mail, with return receipt requested. The form of Application used by the Design Review Committee and any Neighborhood Association shall include spaces allowing "Adjacent Owners" to sign or initial the Application confirming that they have been notified of the Application. The Design Review Committee shall establish a definition of "Adjacent Owners" in its Design Guidelines for use by the Design Review Committee and the aesthetic review boards for all Neighborhood Associations. Applications will be complete even if all of the Adjacent Owners do not initial the Applications so long as the Owner submitting the Application ("**Applicant**") certifies that the Applicant requested that the Adjacent Owners 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 Design Review 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 within forty-five (45) calendar days after the date on which the Master Association has issued its acknowledgement of receipt of complete Application ("**Acknowledgement of Receipt**") to the Applicant. The Application shall not be deemed approved if the Design Review Committee fails to respond to the Applicant at the end of the forty-five (45) calendar day period. Upon failure of the Master Association to respond to the Applicant within such forty-five (45) calendar day period, the Applicant must submit by United States mail, with return receipt requested, a written request for notification of the status of the Application ("**Status Request**").

If the Design Review Committee fails to respond to the Status Request within forty-five (45) days of confirmed receipt, the Application shall be deemed approved if the Applicant can prove the receipt of both the Acknowledgement of Receipt and confirmation of receipt of the Status Request by the Master Association. Without both confirmations, the Application shall be deemed disapproved and a new Application must be submitted to the Design Review Committee. 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 of Directors.

5.4.3 Standard for Approval. The Design Review Committee shall approve an Application only if it determines that (a) installation, construction or alteration of the Improvements in the locations proposed will not be detrimental to the appearance of the surrounding area of the Master 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 Master Community, (c) installation, construction or alteration of the proposed Improvements will not detract from the beauty, wholesomeness and attractiveness of the Master Common Property or the enjoyment thereof by the Owners, (d) maintenance of the proposed Improvements will not become a burden on the Master Association, (e) the proposed Improvements are consistent with the Master Association Governing Documents, and (f) the proposed change does 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. In addition, the Committee shall encourage "sustainable" development practices, which include, but are not limited to, (i) capitalizing on natural resources (such as the sun, wind, rain and plants and trees) to reduce the use of energy, water and materials, (ii) being responsive to the environment and natural surroundings, and (iii) minimizing reliance on automobiles. The Committee may consider the impact of views from other Residences, Lots or Condominiums, along with other factors including 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 nor the Master Association warrants that any views in the Master Community are protected. No Residence, Lot or Condominium is guaranteed the existence or unobstructed continuation of any particular view. In review of an Application, the Design Review Committee shall not make any determination as to non-aesthetic factors such as general safety, fire protection, noise mitigation or compliance with applicable law, building codes or industry building standards. The approval of an Application shall not be interpreted to constitute the Design Review Committee's findings as to any of the foregoing.

5.4.4 Conditions to 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 Master Association with security acceptable to the Master Association against any mechanic's lien or other encumbrance which may be Recorded against the Master Common Property or another Owner's Lot or Condominium 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 Master 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 Master Association for the cost of maintaining the Improvement (should the Master 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 Design Review Committee may also require the Applicant, prior to commencing work, to deposit with the Master Association adequate funds to repair or restore any Master 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 Master 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 Master 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 County before making any construction, installation or alterations permitted under this Master Declaration.

5.4.5 Government Approvals. The Applicant shall meet any review or permit requirements of the County, 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 Master Declaration. All approvals issued by the Design Review 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 Design Review Committee approvals, and before commencing any work. Furthermore, governmental approvals are in addition to, and not in lieu of, Design Review Committee approvals required under the Master Association Governing Documents. No determination by any governmental agency that the Applicant has met all applicable governmental requirements for a particular Improvement shall relieve Applicant of its obligation to obtain all required Design Review Committee approvals required under this Article and the Master Association Governing Documents.

5.4.6 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 by the Design Review Committee that the Application or any portion of the Application (a) incorporates good engineering practices, (b) complies with applicable law, ordinance, code or regulation, including zoning laws and building and safety or fire codes, (c) complies with 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 Master Association Governing Documents) that affects the land. Nothing in this Master Declaration shall be construed to require Design Review Committee approval of any

construction, reconstruction, installation, removal or alteration of an Improvement by Declarant or by the Master Association.

5.4.7 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 their respective agents, employees, attorneys or consultants shall be liable to any Person for:

(a) Any matter outside the Design Review Committee's scope of approval discussed 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.

5.4.8 Exemption. Notwithstanding any other provision of the Master Association Governing Documents, Declarant, Neighborhood Builders and any Person Declarant designates in a Supplemental Master Declaration need not seek Design Review Committee approval with respect to their construction or development activities. Declarant may exclude portions of the Master Community from jurisdiction of the Design Review Committee in the applicable Supplemental Master Declaration. Declarant may, at its option, establish an additional architectural review committee for any area exempted from the jurisdiction of the Design Review Committee.

5.5 MASTER ASSOCIATION DESIGN REVIEW COMMITTEE ISSUES.
Delegation of Certain Issues to Neighborhood Association.

5.5.1 Relationship to the Neighborhood Associations. The Design Review Committee may require that all plans and specifications be approved by a Neighborhood Association having jurisdiction before the Design Review Committee review the plans and specifications or may delegate its review rights to the Neighborhood Association. Conditions and requirements imposed by the Design Review Committee supersede all conflicting conditions or requirements that may be imposed by a Neighborhood Association. The Design Review Committee's determination of the existence of a conflict or discrepancy between the conditions or requirements imposed by the Design Review Committee and those imposed by a Neighborhood Association are binding and conclusive upon the Neighborhood Association and any affected Applicant.

5.5.2 Delegation. The Master Association has the right to control design review issues for the entire Master Community. However, the Master Association has agreed to permit the Neighborhood Associations to control most design review issues that concern them so

long as their decisions are consistent with the Master Declaration and the applicable Neighborhood Declaration. The Master Association may choose at any time in the future pursuant to a resolution of the Master Board to take over some or all of the design review control that has been delegated to the Neighborhood Associations if the Master Board determines in its reasonable discretion that the Neighborhood Association design review committees are not looking out for the best interests of the Master Community as a whole or their decisions are not consistent with the Master Declaration and the applicable Neighborhood Declaration. In addition, each Neighborhood Association's design review committee shall notify the Master Association Design Review Committee of any decision it has made that will impact the appearance of the Master Community visible to the general public before their decision is communicated to the Owner. The Master Association Design Review Committee shall have the right to veto these decisions within five (5) working days of receipt of said notice if it would materially impair the appearance of the Master Community or any portion thereof in the Master Association Design Review Committee's reasonable discretion.

5.6 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 (the "*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 Master Association are not valid, are not binding on the Master 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.

5.7 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.

5.8 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. This Section shall not be interpreted or construed to prohibit the Master Association from compensating any duly licensed architect who has been delegated rights and duties as provided in this Article.

5.9 INSPECTION OF WORK. The Design Review Committee or its duly authorized representative may inspect any work for which approval is required under the Master Association Governing Documents ("*Work*"). The right to inspect includes the right to require

any Owner to take such action as may be necessary to remedy any noncompliance with the Design Review Committee-approved plans for the Work or with the requirements of the Master Association Governing Documents ("**Noncompliance**").

5.9.1 Time Limit for Inspections. When the Work is complete, the Applicant shall immediately provide the Design Review Committee with a written notice of completion on the form prescribed by the Design Review 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 of delivery of the written notice of completion. If the Design Review Committee fails to perform its inspection or to send a written notice of Noncompliance to an Applicant before the inspection period expires, the Work shall be deemed to comply with the approved Application.

5.9.2 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 Design Review Committee, or (b) an Improvement is not completed within the time limit established by the Design Review Committee in its approval, (c) an Improvement is not completed in substantial conformity with the approved Application, or (d) if no time limit is established by the Design Review 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 the Design Review Committee has the right, but not the obligation, to deliver a written notice of Noncompliance to the violating Owner, and the Master Association shall pursue the remedies set forth in this Section.

5.9.3 Remedy for Noncompliance. The Design Review 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 Master Association may record a Notice of Noncompliance (if allowed by law), correct the Noncompliance and charge the Owner for the Master Association's costs, or commence an action for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

5.10 SCOPE OF REVIEW. The Design Review Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed construction, installation or alteration solely on the basis of aesthetic considerations, consistency with the Master Association Governing Documents, height of landscaping materials at maturity, and the overall benefit or detriment which would result to the immediate vicinity and the Master Community generally. The Design Review Committee shall consider the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Design Review Committee is not responsible for reviewing, nor may its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

5.11 VARIANCES. The Design Review Committee may authorize variances from compliance with any of the architectural provisions of this Master 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. Such variances must be evidenced in writing, must be signed by a majority of the Design Review 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 Master 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 Master Declaration for any purpose except as to the particular property and particular provision of this Master Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of his Residence. The Committee's written variance shall be Recorded against the Applicant's Lot or Condominium in the Official Records; provided, however, that such variance must be approved in writing by the County prior to Recordation. The cost of Recording the variance shall be borne solely by the Applicant. No variance shall be issued if it conflicts with local ordinances, or the conditions of approval for the Master Community without the prior written approval of the County.

5.12 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 Master Association Governing Documents.

5.13 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 California 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 Design Review Committee has the same membership as the Board. Appeals (if any) of decisions by a Neighborhood Association's design review committee to the board of directors of the Neighborhood Association must be in accordance with the appropriate Neighborhood Declaration. Neither the Board nor the Design Review Committee nor the Neighborhood Association has any duty to ensure that approvals are communicated to all potential appellants. Decisions made by a Neighborhood Association's board are not appealable to the Board or the Design Review Committee. This limit on appeals from Neighborhood Association board decisions is not a limit on the Neighborhood Association's board's ability to modify a decision it has issued. Each Neighborhood Association's board shall adopt procedures for appeals of Neighborhood Association design review committee decisions to the Neighborhood Association's board.

ARTICLE VI OWNERS' MEMBERSHIP AND VOTING RIGHTS

6.1 MEMBERSHIP. Every Owner shall automatically acquire a Membership in the Master Association upon the Close of Escrow for such Owner's Lot or Condominium and shall

retain the Membership until such Owner's Lot or Condominium ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot or Condominium is the sole qualification for Membership. Declarant shall be the sole member of the Master Association until the first Close of Escrow occurs in the Master Community. Thereafter, Declarant shall continue to be a Member so long as Declarant owns a Lot or Condominium in the Master Community. Each Neighborhood Builder shall be a Member of the Master Association for any Lots or Condominiums owned by such Neighborhood Builder in a Phase for which a Close of Escrow has occurred. Memberships are not assignable except to the Person to whom title to the Lot or Condominium has been transferred, and every Membership is appurtenant to and may not be separated from the fee ownership of such Lot or Condominium. The rights, duties, privileges and obligations of all Owners are as provided in the Master Association Governing Documents.

6.2 TRANSFER OF MEMBERSHIPS. The Membership of any Owner may not be transferred, pledged or alienated in any way, except upon the transfer or encumbrance of such Owner's Lot or Condominium, and then only to the transferee or Mortgagee of such Lot or Condominium. A prohibited transfer is void and will not be reflected upon the books and records of the Master Association. Any Owner who has sold the Owner's Lot or Condominium 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 Board before the contract purchaser may vote. The contract seller shall remain liable for all charges and assessments attributable to the contract seller's Lot or Condominium which accrue before fee title to the Lot or Condominium is transferred. If the contract seller fails or refuses to delegate his Membership to the contract purchaser of such Owner's Lot or Condominium before the Close of Escrow, the Master Association may record the transfer to the contract purchaser in the Master Association's records. However, no contract purchaser will be entitled to vote at Master 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 Master Association may levy a reasonable transfer fee against a new Owner and such Owner's Lot or Condominium (which fee shall be paid through escrow or added to the Common Assessment chargeable to such new owner) to reimburse the Master Association for the administrative cost of transferring the Membership to the new Owner on the Master Association's records. Such fee may not exceed the Master Association's actual cost involved in changing its records.

6.3 CLASSES OF VOTING MEMBERSHIP. The Members of the Master Association are Declarant, for so long as Declarant is entitled to cast a Class A or B vote or the Class C Board Appointment Right (defined below), and each Owner (including any Neighborhood Builder) of at least one (1) Lot or Condominium in the Master Community. Membership in the Master Association is subject to the Master Association Governing Documents. Except for the Class C Board Appointment Right, all Memberships in the Master Association are appurtenant to the Lots and Condominiums. Ownership of a Lot or Condominium is the sole qualification for Membership in the Master Association. The Master Association classes of voting Membership are as follows:

6.3.1 Class A. Class A Members are all Owners except Declarant and the Neighborhood Builders for so long as there exists a Class B Membership. Class A Members in

the Residential Area are entitled to one (1) vote for each Lot or Condominium owned by such Class A Members which is subject to assessment. The Owner of the apartments in an Apartment Area shall be entitled to one (1) vote for each apartment that is subject to assessment. Declarant and the Neighborhood Builders shall become Class A Members upon conversion of the Class B Membership as provided below. When more than one (1) Person owns any Lot or Condominium, all such Persons are Members. The vote for such Lot or Condominium shall be exercised in accordance with Section 6.4, but no more than one (1) Class A vote may be cast for any Lot or Condominium. The Class A votes allocated to Declarant and the Neighborhood Builders shall be exercised by Declarant.

6.3.2 **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 or Condominium owned by Declarant or a Neighborhood Builder which is subject to assessment. The Class B Membership shall be converted to Class A Membership on the first to occur of the following events:

(a) The Close of Escrow for the sale of the Lot or Condominium comprising the seventy-fifth percentile (75%) of the Lots and Condominiums in the overall development composed of the Master Community and Annexable Territory; or

(b) The fifth (5th) anniversary of the first Close of Escrow in the Phase for which a Public Report was most recently issued; or

(c) The twenty-fifth (25th) anniversary of the first Close of Escrow for the sale of a Lot or Condominium in the Master Community.

6.3.3 **Class C Board Appointment Right.** Declarant shall have a "**Class C Board Appointment Right**" (whether or not Declarant is an Owner). The Class C Board Appointment Right shall not be technically considered a part of the voting power of the Master Association. The Class C Board Appointment Right entitles Declarant to select a majority of the members of the Board of Directors until the Class C Board Appointment Termination Date. The "Class C Board Appointment Termination Date" shall be the earlier to occur of the following events:

(a) The Close of Escrow for the sale of the Lot or Condominium comprising the seventy-fifth percentile (75%) of the Lots and Condominiums in the overall development composed of the Master Community and Annexable Territory; or

(b) The fifth (5th) anniversary of the first Close of Escrow in the Phase for which a Public Report was most recently issued; or

(c) The twenty-fifth (25th) anniversary of the first Close of Escrow for the sale of a Lot or Condominium in the Master Community.

6.3.4 **Selection of Twenty Percent of the Board.** Declarant (whether or not Declarant is an Owner) is entitled to select twenty percent (20%) of the members of the Board of Directors until the Selection Termination Date. The "Selection Termination Date" shall be the earlier to occur of the following events:

(a) The Close of Escrow for the sale of a total of ninety percent (90%) of the Lots or Condominiums in the Master Community and Annexable Territory; or

(b) The fifth (5th) anniversary of the first Close of Escrow in the Phase for which a Public Report was most recently issued; or

(c) The twenty-fifth (25th) anniversary of the first Close of Escrow for the sale of a Lot or Condominium in the Master Community.

6.4 VOTING RIGHTS.

6.4.1 **General Rule.** All voting rights are subject to the Master Association Governing Documents. Voting rights attributable to the Lots and Condominiums in a Phase shall be exercised only after Common Assessments have commenced in the Phase.

6.4.2 **Limits Generally.** All voting rights are subject to the Master Association Governing Documents. Except as provided in Sections 6.4.3 and 14.3 of this Master Declaration and Bylaws, as long as there is a Class B Membership, any provision of the Master Association Governing Documents which expressly requires the vote or written consent of a specified percentage (instead of a majority of a quorum) of the Master 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 14.3 of this Master Declaration and as provided in the Bylaws, on termination of the Class B Membership, any provision of the Master Association 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 Master 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 Master Association's total Class A voting power, and (b) the Master Association's Class A voting power represented by Owners other than Declarant and Neighborhood Builders. All provisions of this Master Declaration requiring the vote or approval of a specified percentage of Owners regarding a Special Benefit Area change shall only require the vote or approval of the requisite percentage of Owners of Lots actually located in the Special Benefit Area.

6.4.3 **Vote to Initiate Right to Repair Law Claim.** Commencing on the date of the first annual meeting of Owners, Declarant relinquishes control over the Master Association's ability to decide whether to initiate a Right to Repair Law Claim. This means that Declarant, current employees and agents of Declarant, Board Members who are appointed by Declarant, Board Members elected by a majority of votes cast by Declarant, 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 Master Association or Owners to initiate a Right to Repair Law Claim. The Master Association must obtain the vote or written consent of a simple majority of the Master Association's voting power, excluding votes attributable to Declarant or Neighborhood Builders, in order to initiate a Right to Repair Law Claim.

6.4.4 **Joint Ownership.** When more than one (1) Person holds an ownership interest in any Lot or Condominium (“*co-owners*”), all such co-owners are Members and may attend any Master Association meetings, but only one (1) such co-owner shall be entitled to exercise the vote to which the Lot or Condominium is entitled. Co-owners owning the majority interests in a Lot or Condominium may designate in writing one (1) of their number to vote. Fractional votes shall not be allowed and the vote for each Lot or Condominium shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if the designation has been revoked, the vote for the Lot or Condominium shall be exercised as the co-owners owning the majority interests in the Lot or Condominium agree. Unless the Board 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 or Condominium if the co-owners present in Person or by proxy owning the majority interests in such Lot or Condominium fail to agree to said vote or other action. The nonvoting co-owner or co-owners are jointly and severally responsible for all of the obligations imposed upon the jointly-owned Lot or Condominium and are entitled to all other benefits of Membership. All agreements and determinations lawfully made by the Master Association in accordance with the voting percentages established in the Master Association Governing Documents are binding on all Owners and their successors-in-interest.

6.5 **DECLARANT’S VETO RIGHT.** Declarant has the right to veto the Master Association actions listed in Section 6.6. This veto right shall terminate on the date on which neither Declarant nor any Neighborhood Builder owns or has any interest in the Master Community or any portion of the Annexable Territory.

6.6 **ACTIONS SUBJECT TO DECLARANT’S VETO.** The following actions are subject to Declarant’s veto:

6.6.1 **Change in Design.** Any change in the general, overall architectural and landscaping design of the Master Community;

6.6.2 **Design Review Committee.** The adoption of any change to the Design Guidelines, all decisions of the Design Review Committee, any decisions made on appeal to the Board, and any decision to terminate the Design Review Committee;

6.6.3 **Rules and Regulations.** The adoption of any change to the Rules and Regulations or the decision to terminate the Board;

6.6.4 **Maintenance.** Modifications to level or frequency of maintenance of Master Common Property or to the Maintenance Guidelines;

6.6.5 **Reduction in Services.** Any significant reduction of Master Association Property services, the amount of Common Assessments or entering into contracts for maintenance or other goods and services benefiting the Master Association or the Master Association Property at contract rates which are fifteen percent (15%) or more below the reasonable cost for such maintenance, goods or services as determined pursuant to the Maintenance Guidelines;

6.6.6 **Special Benefit Areas.** The creation of or modification of a Special Benefit Area;

6.6.7 **Annexations.** The annexation to the Master Community of real property pursuant to Section 17.2;

6.6.8 **Amendments.** Any proposed amendment to Article II, Article III, Article IX, Article XI, Article XII, Article XIII, Article XIV, Article XVI, Article XVII, Article XVIII, Article XIX, and Article XX, and to Sections 1.1, 1.21, 1.41, 1.78, 1.79, 1.87, 4.2, 4.4, 5.3, 5.11, 6.3, 6.4, 6.5, 6.6, 7.1, 14.4 and 15.3.

ARTICLE VII OWNERS' PROPERTY RIGHTS AND PROJECT EASEMENTS

7.1 EASEMENTS.

7.1.1 **Maintenance and Repair.** Declarant reserves for the benefit of the Master Association and all Master Association agents, officers and employees, nonexclusive easements over the Master Community as necessary to fulfill the obligations and perform the duties of the Master Association.

7.1.2 **Utility Easements.** Declarant reserves easements to install and maintain utilities over the Master Community for the benefit of the Owners and their Lots or Condominiums. Declarant reserves the right to grant additional easements and rights-of-way throughout the Master Community to utility companies and public agencies as it deems necessary for the proper development and disposal of the Master Community. Such right of Declarant shall expire on the Close of Escrow for the sale of the last Lot or Condominium in the Master Community and the Annexable Territory.

7.1.3 **Encroachments.** Declarant reserves, for its benefit, for the benefit of the Neighborhood Builders and for the benefit of Owners and their Lots or Condominiums, a reciprocal easement appurtenant to each Lot or Condominium over the other Lots or Condominiums and the Master Common Property to accommodate (a) any existing encroachment of any wall, fence or any other Improvement installed by Declarant or approved by the Design Review Committee, and (b) shifting, movement or natural settling of the Residences or other Improvements.

7.1.4 **Easements for Water and Utility Purposes.** Declarant reserves easements over the Master Community for public and private utility purposes, including the right of the County, any public utility or mutual water district of ingress and egress over the Master Community to read and maintain meters, to use and maintain fire hydrants, and to operate, use and maintain any public or private utilities that are not maintained by the Master Association or a Neighborhood Association.

7.1.5 **Easements for Public Service Use.** Declarant reserves easements over the Master Community for public services of the local governmental agencies, including the right of law enforcement and fire protection personnel to enter upon any portion of the Master Community to carry out their official duties.

7.1.6 **Completion of Improvements.** Declarant reserves easements to enter the Master Community to complete any Improvement which Declarant considers desirable to implement Declarant's development plan.

7.1.7 **Owners' Easements in Master Common Property.** Declarant reserves, for the benefit of every Owner, his Family, guests, tenants and invitees, nonexclusive easements for vehicular, pedestrian and equestrian (as applicable) access over the Master Common Property in connection with the use and enjoyment of each Lot or Condominium in the Master Community. This easement is appurtenant to and passes with title to every Lot or Condominium in the Master Community.

7.1.8 **Easements for Maintenance of Master Maintenance Areas.** Declarant reserves, for the benefit of the Master Association, nonexclusive easements (a) for maintenance of the Master Maintenance Areas designated in this Master Declaration or any Notice of Addition or Supplemental Master Declaration, and (b) over the property such Master Maintenance Areas are located for access, ingress and egress necessary to perform such maintenance. No Owner may interfere with the Master Association's exercise of its rights under the easement reserved in this Section. Declarant shall have the right to grant these easements to the Master Association before and after the conveyance of any Lot or Condominium to an Owner.

7.1.9 **Community Wall Easements.** Declarant reserves for the benefit of the Master Association the following easements:

(a) An easement over all Lots and Condominiums that are enclosed by a portion of the Community Wall, consisting of a five (5) foot wide strip of land bounded on one side by the Community Wall and on either end by the sideyard property lines of the Lot or Condominium, to accommodate the footings and other structural components of the portions of the Community Wall that enclose the Lot or Condominium; and

(b) An easement for access over such Lots or Condominiums as reasonably necessary for maintaining the Community Walls and related as Improvements. If a Community Wall is damaged, the Master Association shall have the right to enter upon the Lot or Condominium as necessary to reconstruct the Community Wall in the easement area, and the easements reserved hereby shall continue in effect so long as the Community Wall remains in place.

7.1.10 **Drainage Easements.** Declarant reserves for the benefit of the Master Community, the Owners, the Neighborhood Builders and the Master Association, reciprocal nonexclusive easements for drainage of water over, across, under and through all Lots, Condominiums, Master Association Property and Neighborhood Property in the Master Community (excluding the Residence), except that such easements shall not be reserved or transferred if they are in violation of the conditions of approval for the Master Community or any statute, code or ordinance.

7.1.11 **Shared Driveways.** Declarant reserves nonexclusive reciprocal easements for access, ingress and egress over the Lots in the Master Community that contain a

motor court or private drive or alleyway on a portion of such Lot for Shared Driveway purposes, subject to the limitations and restrictions contained in this Master Declaration and any Supplemental Master Declaration applicable to such Lots.

7.1.12 Easement for Declarant and Neighborhood Builders Over Master Common Property. Declarant hereby expressly reserves for the benefit of Declarant and all Neighborhood Builders, for the benefit of their respective agents, subcontractors, invitees, employees and contractors, and for the benefit of their respective successors and assigns, a nonexclusive easement appurtenant to the Annexable Territory, in, to, and over the Master Common Property for access, ingress, egress, use and enjoyment, in order to show the Master Community or Annexable Territory to Neighborhood Builders and other prospective purchasers, or to develop, construct, market, sell, lease or otherwise dispose of the Master Community or the Annexable Territory. Such easement shall continue until the last Close of Escrow in the Master Community and the Annexable Territory has occurred; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein.

7.1.13 Master Telecommunications Easement. Declarant reserves blanket easements ("*Telecommunications Easements*") over the Master Community for access and for purposes of constructing, installing, locating, altering, operating, maintaining, inspecting, upgrading, removing and enhancing Telecommunications Facilities ("*Telecommunications Purposes*") for the benefit of Declarant and the Master Community. Such easements are freely transferable by Declarant to any other Person and their successors and assigns. No one, except for Declarant, and Declarant's transferees may use the Master Community for Telecommunications Purposes. All Telecommunications Facilities shall be owned, leased or licensed by Declarant, as determined by Declarant, in its sole discretion and business judgment. Transfer of the Master 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 Master Community by any Owner. If the exercise of any Telecommunications Easement results in damage to the Master 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 Master Community and the Annexable Territory, then Declarant grants the Telecommunications Easements to the Master Association effective as of the last Close of Escrow in the Master Community and the Annexable Territory.

7.1.14 Sideyard Easements. Declarant and Neighborhood Builders hereby reserve over the Sideyard Burdened Lots (as defined in Section 1.83) in the Master Community for exclusive Sideyard Easements (as defined in Section 1.84) appurtenant to the Sideyard Benefited Lots (as defined in Section 1.82) in future Phases as designated in the applicable Notice of Addition or Supplemental Master Declaration. Sideyard Easements shall be depicted on an exhibit to the applicable Notice of Addition or Supplemental Master Declaration; provided, however, that the actual locations of the Sideyard Easements shall be defined by the physical locations of the Improvements as built by a Declarant or rebuilt substantially in accordance with the original plans (if available). The Owners of the Sideyard Burdened Lots and Sideyard

Benefited Lots are subject to the restrictions and covenants of this Section respecting their use and enjoyment of the Sideyard Easements.

(a) **Authorized Uses For Sideyard Benefited Lot.** The Sideyard Easements are reserved for the benefit of the applicable Sideyard Benefited Lot for the use and enjoyment of the Sideyard Easement for typical yard purposes.

(b) **Authorized Uses For Sideyard Burdened Lot.** The Sideyard Easements are subject to the following rights reserved for the benefit of the applicable Sideyard Burdened Lot:

(i) Access to and maintenance of the exterior wall and foundation of the Residence on the Sideyard Burdened Lot, including without limitation, any gutter or downspout attached to the Residence;

(ii) Access to and maintenance of any fence or wall constructed on the Sideyard Burdened Lot which adjoins or abuts the Sideyard Easement;

(iii) Encroachment by chimneys, eaves, overhangs, foundation footings, rain gutters, storm drains or other Improvements on the Residence of the Sideyard Burdened Lot; and

(iv) Drainage of water from the Residence or other portions of the Burdened Lot across the Sideyard Easement.

The Owner of the Sideyard Burdened Lot shall have the right, at reasonable times, on reasonable prior notice to the Owner of the Sideyard Benefited Lot and in a reasonable manner, to enter the Sideyard Easement for the purpose of any Authorized Use described above.

(c) **Prohibited Uses.**

(i) Neither Owner shall be permitted to store any trash in the Sideyard Easement or to store property in the Sideyard Easement. This restriction does not extend to use and enjoyment of the Sideyard Easement by the Sideyard Benefited Lot Owner for normal use, such as placing yard furniture, water fountains and other similar items for use and enjoyment.

(ii) The Sideyard Benefited Lot Owner shall not block any vent of the Residence on the Sideyard Burdened Lot.

(iii) The Sideyard Benefited Lot Owner shall not affix any plants or other landscaping, any sports equipment, or any other item or Improvement to the residential wall of the Sideyard Burdened Lot.

(iv) Additional restrictions may be included in a Notice of Addition or Supplemental Master Declaration.

(d) **Permanent Improvements Within Sideyard Easement.** Except for Party Walls, the Residences and other Improvements constructed by Declarant as part of the original construction on both Lots, and except as otherwise authorized above, the Owner of the Sideyard Benefited Lot shall not install any fence, wall or other permanent Improvement of any kind (other than landscaping, and irrigation equipment) in the portion of the Sideyard Easement located within two (2) feet of the Residence located on the Sideyard Burdened Lot without the prior written approval of the Owner of the Sideyard Burdened Lot and the Committee. The foregoing is in addition to and not in lieu of any required building permit or other governmental approval or requirements, including County setback requirements for patio covers, spas or similar Improvements.

(e) **Notice.** In the event of an emergency, the Sideyard Burdened Lot Owner may enter upon the Sideyard Easement at any time and without prior notice. For purpose of this Section, an "emergency" means any situation where there is an imminent threat of injury to Persons or damage to property. Notice for any other purpose requires prior written notice to the Owner of the Sideyard Benefited Lot of at least twenty-four (24) hours.

(f) **Disputes.** In the event of any dispute arising between the Owners affected by the Sideyard Easement concerning the rights and obligations created by this Section, each Owner shall each choose one (1) arbitrator, and such arbitrators shall choose one (1) additional arbitrator, and the decision of a majority of all the arbitrators shall be binding upon such Owners.

7.1.15 **Easements for County Maintenance.** Declarant reserves easements over the Master Community and through all access gates and Private Streets for street sweeping, water quality basin maintenance and other services performed by the County or at the request of the County. The County shall have the right to grant easements or licenses to any third party that the County contracts to perform services on behalf of the County for the benefit of the Master Community.

7.1.16 **Easements for Riverside County Flood Control and Water Conservation District.** Declarant reserves nonexclusive easements for the benefit of the Riverside County Flood Control and Water Conservation District over the Private Streets and access gates in the Master Community, and over those portions of the Master Community as reasonably necessary, for ingress and egress, maintenance, repair and replacement of storm drains in excess of thirty-six inches (36") and other water quality features.

7.1.17 **Easements for Spanish Hills Residents' Emergency Access.** Declarant reserves nonexclusive easements for the benefit of the residents of the Spanish Hills community, for vehicle and pedestrian access, ingress and egress over the Private Streets and access gates in the Master Community during periods of time that the residents are not able to enter or exit the Spanish Hills community through public streets and other streets outside the Master Community due to floods, fire or other emergency.

7.2 **ADDITIONAL RIGHT TO GRANT EASEMENTS.** Declarant reserves easements over the Master Association Property owned by the Master Association for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening,

and landscaping area. Any such easement may be conveyed by the Declarant before the last Close of Escrow for sale of a Lot or Condominium in the Master 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 Master Association Property affected, the Lot or Condominium to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in a Recorded grant of easement.

7.3 DELEGATION OF USE. Any Owner may delegate his right to use the Master Association Property owned by the Master Association in writing to his tenants, contract purchasers or subtenants who reside in such Owner's Residence, subject to regulation by the Board.

7.4 RIGHT OF ENTRY.

7.4.1 Master Association. The Master Association and its agents, employees and contractors have the right to enter the Lots or Condominiums to inspect the Master Community, and may take whatever corrective action it determines to be necessary or proper. Entry onto any Lot or Condominium under this Subsection may be made after at least three (3) days' advance written notice to the Owner of the Lot or Condominium 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 his Lot or Condominium that is not Master Common Property. Any damage to a Residence or Lot or Condominium caused by entry under this Subsection shall be repaired by the Master Association.

7.4.2 Declarant and Neighborhood Builders. The Declarant and each Neighborhood Builder have the right to enter the Master Community (a) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Master Community or Annexable Territory, (b) for repair of Improvements in accordance with the provisions of the Right to Repair Law, (c) to accommodate grading or construction activities, and (d) to comply with requirements of applicable governmental agencies. Declarant or Neighborhood Builder, as applicable, shall provide reasonable notice to Owner prior to entry into the Owner's Lot or Condominium under this Subsection 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 his Lot or Condominium that is not Master Common Property. Any damage to the Master Community caused by entry under this Subsection shall be repaired by the Declarant or Neighborhood Builder, as applicable. Unless otherwise specified in the initial grant deed of a Lot or Condominium from Declarant or Neighborhood Builder, as applicable, this right of entry shall automatically expire on the later of the date that is twelve (12) years after the Recordation of this Master 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 first conveyed fee title to the subject real property under authority of a Public Report.

7.4.3 Owners. Each Owner shall permit other Owners, and their representatives, to enter his Lot or Condominium to perform installations, alterations or repairs to the mechanical or electrical services to a Lot or Condominium if (a) requests for entry are made in advance; (b) entry is made at a time reasonably convenient to the Owner whose Lot or Condominium is to be entered; and (c) the entered Lot or Condominium is left in substantially

the same condition as existed immediately preceding such entry. Any damage to the Lot or Condominium caused by entry under this Subsection shall be repaired by the entering Owner.

ARTICLE VIII MASTER ASSOCIATION FUNDS AND ASSESSMENTS

8.1 CREATION OF ASSESSMENT OBLIGATION. Declarant and each Neighborhood Builder, for each Lot or Condominium owned by Declarant or a Neighborhood Builder, covenant to pay, and each Owner is deemed to covenant to pay to the Master Association, all assessments established and collected pursuant to this Master Declaration. The Master Association shall not levy or collect any assessment that exceeds the amount necessary for the purpose for which it is levied. Except as provided in this Section, all assessments (other than certain Compliance Assessments), together with late payment penalties, interest, costs and reasonable attorneys' fees for the collection thereof, are a charge and can become a lien upon the Lot or Condominium against which such assessment is made. Each assessment (including Compliance Assessments), together with late payment penalties, interest, costs and reasonable attorneys' fees, is also the personal obligation of the Person who was the Owner of the Lot or Condominium at the time 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 Master Association of a certificate pursuant to Section 4525 of the California Civil Code.

8.2 MASTER ASSOCIATION MAINTENANCE FUNDS. The Master Association shall establish no fewer than two (2) separate Master Association Maintenance Fund accounts into which shall be deposited all money paid to the Master Association and from which disbursements shall be made, as provided in this Master Declaration. Funds shall be distributed among institutions, in amounts not to exceed FDIC limits on insurance. The Master 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 for insurance policies which the Master Association obtains, (c) a Special Benefit Area Operating Fund for the expenses incurred in maintenance of the Special Benefit Area; (d) a Special Benefit Area Reserve Fund for that portion of the Special Benefit Area Component that is allocated to (i) reserves for Improvements in the Special Benefit Area which the Board does not expect to repair or replace on an annual or more frequent basis, and (ii) payment of deductibles under any Master Association policy of insurance that is specifically attributable to the Special Benefit Area, and (e) any other funds which the Master Association may establish. All amounts deposited into the Maintenance Funds must be used solely for the purposes authorized by the Master Association Governing Documents. The Board is authorized to transfer interest and other earnings on the Reserve Fund into the Operating Fund to satisfy income taxes payable by the Master Association attributable to such interest and earnings. The signatures of either two (2) Directors of the Master Association or one (1) Director and one (1) officer of the Master Association who is not also a Director of the Master Association is required for the withdrawal of money from the Master Association's Reserve Fund.

Nothing in this Master Declaration precludes the Master Association from establishing additional Maintenance Funds earmarked for specified purposes authorized by the Master Association Governing Documents.

8.3 PURPOSE OF ASSESSMENTS. The Assessments shall be used exclusively to (a) promote the Owners' welfare, (b) operate, improve and maintain the Master Association Property, and (c) discharge any other Master Association obligations under the Master Declaration. All amounts deposited into the Master Association Maintenance Funds must be used solely for the common benefit of all Owners for purposes authorized by this Master Declaration. Disbursements from the Operating Fund generally shall be made by the Master Association to discharge Master 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 Master Association Maintenance Fund. Disbursements from the Reserve Fund shall be made by the Master Association only for the purposes specified in this Article and in Sections 5510(b) and 5515 of the California Civil Code.

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

8.5 TAXES. Each Owner shall take such action as the Master Association may reasonably require to obtain separate real estate tax assessment of each Lot or Condominium. If any taxes or assessments may, in the Master Association's opinion, become a lien on the Master Association Property or any part thereof, the Master Association may pay them as a Common Expense and charge the Master Association's costs to the appropriate Owners as a Special Benefit Area Assessment Component of the Owners' Common Assessments.

8.6 LIMITS ON COMMON ASSESSMENT INCREASES. The following shall apply to the general component of Common Assessments, as well as to the Special Benefit Area charge, and to any other Special Benefit Area that may be established from time to time by the Master Association, provided that where a proposed increase is intended only for a particular special benefit area component of Common Assessments, then only the Lots or Condominiums in the applicable Special Benefit Area shall participate in the election process specified below.

8.6.1 Maximum Authorized Common Assessment For Initial Year of Operations. During the Fiscal Year in which Common Assessments commence, the Board may levy a Common Assessment per Lot or Condominium in an amount which exceeds one hundred twenty percent (120%) of the amount of Common Assessments disclosed for the Master Community in the most current Budget filed with and accepted 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 Master Association in which more than fifty percent (50%) of the Lots or Condominiums are represented ("*Increase Election*"). This Section does not limit Common Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 8.6.5.

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

(a) If the increase in Common Assessments is less than or equal to twenty percent (20%) of the Common 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 Section 5300 of the California Civil Code, or (ii) obtain the approval of Owners casting a majority of votes in an Increase Election; or

(b) If the increase in Common Assessments is greater than twenty percent (20%) of the Common 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 Common Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 8.6.5.

8.6.3 Supplemental Common Assessments. If the Board determines that the Master Association's essential functions may be properly funded by a Common Assessment in an amount less than the maximum authorized Common Assessment described above, it may levy such lesser Common 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 8.6.1, 8.6.2 and 8.6.5, the Board may levy a supplemental Common Assessment reflecting a revision of the total charges to be assessed against each Lot or Condominium. To minimize the need for frequent adjustments in the amount of the Common Assessments during the development of the Master Community, the Board may stabilize the amount of the Common Assessments invoiced to the Owners at a level amount calculated to defray annual Common Expenses during the time that Common Assessments are fluctuating due to the periodic annexation of Lots or Condominiums and Master Association Property.

8.6.4 Automatic Assessment Increases. Despite any other provisions of this Section 8.6, on Declarant's or Neighborhood Builder's annexation of any portion of the Annexable Territory, the Common Assessment shall be automatically increased by the additional amount, if any, necessary to maintain the Master Association Property and Master Maintenance Area identified in the Notice of Addition as a part of the Phase that includes the Annexable Territory so long as (a) the annexation of such Annexable Territory is permitted by the CalBRE, and (b) the amount of such increase does not result in the levy of a Common Assessment which is greater than the maximum potential Common Assessment disclosed in all Public Reports for the Master Community.

8.6.5 Emergency Situations. For purposes of Sections 8.6.1, 8.6.2 and 8.8, 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 Master Community for which the Master Association is responsible where a threat to personal safety in the Master Community is discovered; and

(c) An extraordinary expense necessary to maintain the portion of the Master Community for which the Master 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.

8.7 COMMON ASSESSMENTS. Each Common Assessment shall constitute an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the Operating Fund and Reserve Fund, and any other Maintenance Fund established by the Master Association.

8.7.1 General Assessment Component. The Common Expenses of the Master Association (the "**General Assessment Component**"), shall be assessed uniformly and equally against the Owners and their Lots, Condominiums and apartments based on the number of Lots, Condominiums and apartments owned by each Owner.

8.7.2 Special Benefit Area Assessment Component. The Special Benefit Area Expenses of the Master Association comprising Operating and Reserve Funds budgeted to any particular Special Benefit Area (the "**Special Benefit Area Assessment Component**") shall be assessed to the Owners of Lots and Condominiums designated in an Notice of Addition or Supplemental Master Declaration as Lots and Condominiums to which the exclusive or disproportionate maintenance of such Special Benefit Area has been allocated. Any Notice of Addition or Supplemental Master Declaration covering a Lot or Condominium subject to a Special Benefit Area Assessment Component shall: (a) identify the Special Benefit Area, if existing, or describe the Special Benefit Area, if proposed; (b) identify the Lots and Condominiums covered by the Notice of Addition or the Supplemental Master Declaration which are entitled to use the facilities of the Special Benefit Area or which are obligated to bear the exclusive or disproportionate maintenance of such Special Benefit Area and which shall be obligated to pay the Special Benefit Area Assessment Component attributable to such Special Benefit Area; and (c) specify the Special Benefit Area Expenses comprising the Special Benefit Area Assessment Component attributable to such Special Benefit Area. The Special Benefit Area Assessment charge shall be assessed equally against all Owners responsible for such Special Benefit Area, unless a different allocation has been set forth in a Supplemental Master Declaration. If all Lots in the Master Community are annexed into the same Special Benefit Area, then the applicable Special Benefit Area Assessment Component shall be merged into the General Assessment Component of Common Expenses.

8.7.3 Commencement of Common Assessments. Common Assessments shall begin on each Lot or Condominium in a Residential Area Phase on the first day of the first calendar month following the first Close of Escrow in such Residential Area Phase. Common Assessments shall begin on each apartment in an Apartment Area that is covered by a single

Notice of Addition or Supplemental Master Declaration upon the first day of the first calendar month following the issuance of a certificate of occupancy for at least one apartment located in such Apartment Area.

8.7.4 Assessment and Proration. Common Assessments for fractions of a month shall be prorated. Declarant and each Neighborhood Builder shall pay its full pro rata share of the Common Assessments on all unsold Lots or Condominiums which are owned by such parties and for which Common Assessments have commenced. The Board shall fix the amount of the Common Assessment against each Lot or Condominium at least thirty (30) days in advance of each Common Assessment period. However, unless otherwise established by the Board, the initial Common Assessments shall be assessed in accordance with the most recent Budget on file with and approved by the CalBRE. Written notice of any change in the amount of any Common 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 ninety (90) days before the increased assessment becomes due.

8.7.5 Apportionment of Common Assessments. All Common Assessments shall be assessed uniformly and equally against the Owners and their Lots or Condominiums based on the number of Lots and Condominiums owned by each Owner, except as may be otherwise provided in a Supplemental Master Declaration. In addition, a Special Benefit Area Assessment charge shall be assessed equally only against the Owners responsible for such Special Benefit Area. 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 Common Assessments. On a dissolution or winding up of the Master Association incident to the abandonment or termination of the Master Community as a planned development, any amounts remaining in any of the Master 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. The Board may determine that funds remaining in the Special Benefit Area Operating Fund at the end of the Fiscal Year be retained and used to reduce the following Fiscal Year's Special Benefit Area Assessment charge.

8.7.6 Payment of Common Assessments. Each Owner shall pay Common Assessments in installments at such frequency, in such amounts and by such methods as are established by the Board. If the Master Association incurs additional expenses because of a payment method selected by an Owner, the Master Association may charge that expense to the Owner. The Master Association does not have to apportion the expense among all Owners as a part of Common Assessments. Each installment of Common Assessments may be paid to the Master Association in one (1) check or in separate checks as payments attributable to specified Master Association Maintenance Funds. If any payment of an Common Assessment installment (a) is less than the amount assessed and (b) does not specify the Master 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, then to any applicable Special Benefit Area Operating Fund until that portion of the Common Assessment has been satisfied, then to the Reserve Fund, until that portion of the Common Assessment has been satisfied, then to any applicable Special Benefit Area Reserve Fund until that portion of the Common Assessment has been satisfied, and then to any other funds established by the Master Association. Model Residences may be subject to delayed commencement of Common Assessments if approved by

the CalBRE and set forth in a Supplemental Master Declaration for a Phase containing Model Residences.

8.7.7 **Exemption from Common Assessments.** The Board may, at its sole discretion, exempt each Owner (including Declarant and Neighborhood Builders) from paying that portion of any Common Assessment allocated to defraying expenses and reserves directly attributable to the existence and use of any Improvement on the Master Association Property or Neighborhood Property the construction of which has not yet been completed. If granted, such exemption shall continue until the earlier to occur of (a) the Recordation of a notice of completion of an Improvement on the Master Association Property or Neighborhood Property, or (b) the placement of such Improvement into use.

8.8 SPECIAL ASSESSMENTS.

8.8.1 **Authorization.** The Board is authorized to levy Capital Improvement Assessments, Reconstruction Assessments and Extraordinary Assessments (each, a "*Special Assessment*") for purposes of this Section 8.8) for purposes authorized in this Master Declaration or any Supplemental Master Declaration.

8.8.2 **Limit on Special Assessments for Improvements Outside of Special Benefit Areas.** Special Assessments for Improvements outside of Special Benefit Areas which, if added to the Special Assessments already levied during a Fiscal Year for Improvements outside of Special Benefit Areas that exceed five percent (5%) of the Master Association's Budgeted gross expenses for such Fiscal Year (excluding Budgeted gross expenses for Special Benefit Areas) may only be levied with the vote or written consent of Members casting a majority of votes at an Increase Election unless the Special Assessments are necessary for addressing Emergency Situations defined in Section 8.6.5.

8.8.3 **Limit on Special Assessments for Improvements In Special Benefit Areas.** Special Assessments for Improvements in a Special Benefit Area which, if added to the Special Assessments already levied during a Fiscal Year for that Special Benefit Area, that exceed five percent (5%) of the Master Association's Budgeted gross expenses for the Special Benefit Area for such Fiscal Year, may only be levied with the vote or written consent of Members casting a majority of votes at a Special Benefit Increase Election unless the Special Assessments are necessary for addressing an Emergency Situation as defined in Section 8.6.5.

8.8.4 **Combined Assessments.** If any Special Assessments for a Special Benefit Area when added to Special Assessments for the current Fiscal Year cause the total amount of Special Assessments to exceed five percent (5%) of the Master Association's Budgeted gross expenses for such Fiscal Year, then the Special Assessments for the Special Benefit Area must be approved in a Special Benefit Increase Election unless the Special Assessments are necessary for addressing an Emergency Situation as defined in Section 8.6.5.

8.9 **RANGE OF ASSESSMENTS.** During the period the Master Community is being built out and additional Phases may be annexed into the Master Community without the approval of the Master Association, as set forth in Article XVII hereof, Declarant, with the CalBRE's consent, has established a range of Common Assessments in accordance with a

Budget containing such range of assessments on file with and accepted by the CalBRE. The range in the amount of the monthly installment of Common Assessments has been established by calculating an initial "*Minimum Common Assessment*" and a "*Maximum Common Assessment*." Utilizing this range procedure, as additional Phases are annexed into the Master Community, the monthly installment of Common Assessments levied by the Master Association can automatically increase or decrease, but will remain within the range accepted by the CalBRE and set forth in the Public Report issued by the CalBRE for such Phases. Except as otherwise provided herein, during any given Fiscal Year, the Board shall not levy a Common Assessment that exceeds the approved Maximum Common Assessment for that Fiscal Year. Notwithstanding the foregoing, Common Assessments may be increased as provided in Section 8.6 above.

8.10 **EXEMPT PROPERTY.** The following property is exempt from all assessments imposed pursuant to this Master Declaration:

8.10.1 **Public Property.** All portions of the Master Community dedicated to and accepted by a Local Governmental Agency.

8.10.2 **Master Maintenance Areas.** The Master Maintenance Areas (which does not elevate an Owner from the obligation to pay assessments on the entirety of such Owner's Lot or Condominium).

8.10.3 **Master Association Property.** The Master Association Property.

8.10.4 **Neighborhood Property.** All Neighborhood Property.

8.10.5 **Other.** Any areas exempted from assessments in a Supplemental Master Declaration, including those areas governed by Regulation 2792.16(c)(2) of the Regulations of the Real Estate Commissioner as contained in Title X, California Code of Regulations, and Civil Code 5600(b) (regarding temporary exemption from assessment the amounts necessary to defray the costs for maintenance of Master Association Property until a notice of completion has been recorded and the Master Association has accepted the Master Association Property).

ARTICLE IX MAINTENANCE OBLIGATIONS

9.1 **OWNER MAINTENANCE OBLIGATIONS.** Each Owner of a Lot (including an Apartment Area) or a Condominium shall maintain his Residence and Lot or Unit in accordance with this Section unless this Section is explicitly superseded in a Supplemental Master Declaration.

9.1.1 **The Lot.** Each Owner, at the Owner's sole expense, shall maintain and restore all of his Lot, including yard areas, the entire Residence and other Improvements located thereon (except for any portion of the Lot or Improvements that are designated Neighborhood Property, Master Maintenance Area or Master Association Property in this Master Declaration or in a Supplemental Master Declaration) in a neat, sanitary and attractive condition, and in conformance with any Maintenance Guidelines and in conformance with the attached *Exhibit*

“HMG”. Such maintenance responsibilities include the maintenance of any fence or wall constructed on the Lot line or along the Lot line abutting any Master Association Property or Master Maintenance Area. Each Owner shall pay when due all charges for any utility service separately metered to the Owner’s Lot. Owners are prohibited from modifying any Improvements on any portion of the Lot designated as a Master Maintenance Area, Master Association Property or Neighborhood Property, including adding to or removing landscaping in a yard designated as a Master Maintenance Area, without the prior written permission of the Design Review Committee and the Board of the Master Association or Neighborhood Association, as applicable. Owners of Lots are responsible for the maintenance of the drainage facilities within the drainage easements on their respective Lots, if any, as shown on an exhibit attached to the Notice of Addition or Supplemental Master Declaration that encumbers such Lot.

9.1.2 **The Condominium.** Each Owner, at the Owner’s sole expense, shall maintain the Residence and any appurtenant exclusive use areas in accordance with the requirements of the applicable Neighborhood Declaration and Supplemental Master Declaration. Each Owner shall pay when due all charges for any utility service separately metered to the Owner’s Condominium.

9.1.3 **Failure to Maintain.** If any Owner permits any Improvement which such Owner is responsible for maintaining to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate the Master Association Governing Documents, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Owner’s Lot or Condominium to perform such maintenance and charge the cost thereof to the Owner. Said cost shall be a Compliance Assessment enforceable as set forth in this Master Declaration, unless the parties agree that the cost shall be a part of a Special Benefit Area Assessment Component.

9.1.4 **Walls.** The walls in the Master Community located on or within three (3) feet of the property line of a Lot are divided into the categories listed in this Section and shall be maintained as required by this Section.

(a) **Party Walls.** Each wall or fence which is placed on the dividing line between the Lots or Condominiums (the **“Party Wall”**) is a party wall. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots or Condominiums divided by the Party Wall. However, each Owner is solely responsible for repainting or refinishing the side of any Party Wall facing his Lot or Condominium. If any portion of a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot or Condominium is affected thereby may restore it to its original design, and the Owner of the other Lot or Condominium which is affected thereby shall contribute equally to the cost of restoration without prejudice; provided, however, that 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. An Owner who by his negligent or willful act causes a Party Wall to require repair or replacement shall bear the whole cost of the necessary repairs or replacement. The right of any Owner to contribution from any other Owner under this Subsection is appurtenant to each Owner’s Lot or Condominium and passes to such Owner’s successors in title.

(b) **Community Walls.** The Master Association shall maintain the exterior surface of the Community Walls in the Master Community, including graffiti removal and occasional glass cleaning. The Owners shall maintain the structure, cap and interior surface of those portions of any Community Walls which face their Lot, Condominium or apartment, and the entirety of any tubular steel fencing. Any Owner who desires more frequent glass cleaning of a Community Wall that borders their Lot or Condominium shall perform such cleaning at their own cost. If any portion of a Community Wall is damaged or destroyed by fire or other casualty, the Owner of the damaged portion shall promptly repair or reconstruct the damaged portion of the Community Wall using the same design and identical or substantially equivalent materials as used in the original construction. Additional Community Walls may be identified in Supplemental Master Declarations.

(c) **Professional/Master Association Maintenance.** The Master Association has the right to require Owners and Residents to hire people or companies on a list of approved wall maintenance professionals to perform maintenance of Party Walls and the Owner's portion of Community Walls. In addition, the Master Association has the right to perform required wall maintenance if an Owner fails or refuses to do so after Notice and a Hearing and to charge the Owner a Compliance Assessment for the costs of such maintenance.

9.1.5 **Fuel Treatment Zones.** Portions of some Lots and Condominiums in the Master Community include a Fuel Treatment Zone as depicted on *Exhibit "FTZ."* If any additional Fuel Treatment Zones are designated in the future, they shall be shown on an Exhibit to a Notice of Addition or Supplemental Master Declaration. In accordance with the Fuel Modification Plan, Owners of Lots and Condominiums within the Master Community are responsible for all required fuel treatment and fire protection measures on their respective Lots and Condominiums that are not maintained by the Master Association or a Neighborhood Association, including compliance with the landscaping, maintenance, and other requirements as specified by the Fuel Modification Plan attached hereto as *Exhibit "FMP."* Owners should refer to the Fuel Modification Plan for a list of acceptable and desirable plants, and the Prohibited Plant List for the Fuel Treatment Zones. The Master Association has the authority to enforce the requirements of the Fuel Modification Plan, which the Board may delegate to the Design Review Committee.

9.1.6 **Defensible Space Zone.** Portions of some Lots and Condominiums in the Master Community include a Defensible Space Zone as described in the Fuel Modification Plan and depicted on *Exhibit "FTZ."* If any additional Defensible Space Zones are designated in the future, they shall be shown on an Exhibit to a Notice of Addition or Supplemental Master Declaration. In accordance with the Fuel Modification Plan, the Defensible Space Zone shall be free of all combustible construction and materials.

9.1.7 **No Build Zone.** Portions of some Lots and Condominiums in the Initial Covered Property include a No Build Zone as depicted on *Exhibit "FTZ."* If any additional No Build Zones are designated in the future, they shall be shown on an Exhibit to a Notice of Addition or Supplemental Master Declaration. In accordance with the Fuel Modification Plan, the No Build Zone shall be free of all combustible construction and materials, including the Residence.

9.2 MASTER ASSOCIATION MAINTENANCE OBLIGATIONS.

9.2.1 **Responsibilities.** After completion of the construction or installation of the Improvements on the Master Association Property by Declarant or a Neighborhood Builder, no Improvement, excavation or work which in any way alters the Master Association Property or Master Maintenance Areas may be made or done by any Person other than the Master Association, its authorized agents, Declarant or the Neighborhood Builders. Unless otherwise expressly provided in this Master Declaration or a Supplemental Master Declaration, upon commencement of Common Assessments on the Lots or Condominiums in a Phase, the Master Association shall maintain all completed Improvements on the Master Association Property and Master Maintenance Areas it is obligated to maintain in such Phase, in perpetuity, in conformance with any Maintenance Guidelines. Upon commencement of Common Assessments on Lots or Condominiums in a Phase, the Master Association shall also maintain all completed Improvements on real property in the Phases (a) owned by the Master Association and designated for maintenance by the Master Association as shown on any *Exhibit "MAP"* attached to this Master Declaration or any Supplemental Master Declaration, and (b) owned by others which is designated for Master Association maintenance as shown on any *Exhibit "MMA"* attached to this Master Declaration or any Supplemental Master Declaration. Master Association Property and Master Maintenance Areas shown on *Exhibit "MAP"* and *Exhibit "MMA"* to this Master Declaration that are not part of the Initial Covered Property are shown at the request of the County and are not intended to require maintenance of such areas by the Master Association until such areas are annexed to this Master Declaration and the Master Association's maintenance obligations have commenced pursuant to this Section 9.2. Unless otherwise provided in any Maintenance Guidelines or as set forth in the current adopted Budget, the Board shall determine, in its sole discretion, the level and frequency of maintenance of the Master Association Property and Master Maintenance Areas the Master Association is obligated to maintain. The Master Association may add or remove any landscaping Improvements to or from the Master Association Property or Master Maintenance Areas it is obligated to maintain and shall keep the landscaping thereon free of weeds and disease, subject to the requirements of the Fuel Modification Plan.

9.2.2 **Damage to Master Association Property or Master Maintenance Areas.** The Board may levy the cost of any maintenance by the Master Association in the Master Association Property or Master Maintenance Areas caused by the willful or negligent act of an Owner, other Person or any Neighborhood Association as a Compliance Assessment against the responsible Owner, Person or Neighborhood Association after Notice and Hearing.

9.2.3 **Commencement of Master Association Maintenance.** For any Phase which includes a Residence in the Residential Area, the Master Association's obligation to maintain the Master Common Property, as applicable, shall commence on the date Common Assessments commence. For a Phase composed solely of Master Association Property, the Master Association's obligation to maintain the Master Association Property shall commence upon conveyance of such property to the Master Association. Until commencement of Common Assessments in a Phase, Declarant or the appropriate Neighborhood Builder shall maintain the Master Common Property in such Phase. The nature, design, quantity, quality and all other attributes of the Master Association Property, and the facilities and amenities thereon, shall be

determined in Declarant's sole and absolute discretion or by a Neighborhood Builder (with Declarant's written consent).

9.2.4 Conveyance of Master Association Property. Except as provided below in this paragraph, conveyance of Master Association Property designated with the CalBRE to be located in any Phase shall occur (a) for Residential Areas (excluding the Apartment Area), before the first Close of Escrow for a Residence in such Phase, (b) for Apartment Area, before the first occupancy of an apartment in the Apartment Area designated in the same Notice of Addition or Supplemental Master Declaration as said Master Association Property, or (c) for any other area (such as a Phase consisting solely of Master Association Property), immediately after the Phase becomes subject to this Master Declaration unless another arrangement is proposed by Declarant and accepted by the CalBRE. The Master Association, acting through its Board, must (i) accept title to and maintenance responsibility for each portion of Master Association Property when title and maintenance responsibility is tendered by a Declarant or a Neighborhood Builder, (ii) execute each deed and any accompanying escrow instructions if requested to do so by a Declarant or a Neighborhood Builder, and (iii) execute any bond exonerations when presented if the bonded obligations are satisfied and accept the alternative dispute resolution provisions as reflected in this Master Declaration. No Owner shall interfere with the exercise of rights or performance of obligations established in this Section by the Master Association, Declarant or a Neighborhood Builder.

9.2.5 Master Association Maintenance Obligations. Except as otherwise provided in this Master Declaration, from and after the date of conveyance of fee title or appropriate easements thereto to the Master Association, the Master Association will be responsible for the maintenance, irrigation, drainage facilities, brush clearance, landscaping and preservation of the appearance of the Master Common Property in strict compliance with the BMPs in Section 2.25 hereof, the Fuel Modification Plan and the Maintenance Manual provided to the Board by Declarant or a Neighborhood Builder ("*Maintenance Manual*"), in accordance with all commonly accepted maintenance practices. To ensure compliance with the requirements of the Maintenance Manual, for a period of ten (10) years after the last Close of Escrow in the Master Community, Declarant shall have the right, but not the obligation, at its own cost and expense, to retain the services of appropriate consultant(s) to (a) prepare, update and keep current the Maintenance Manual for the Master Association maintenance of the Master Common Property, (b) conduct annual inspections of all elements of the Master Common Property covered by the Maintenance Manual, and (c) prepare a report covering the results of such inspections and deliver such report to Declarant and to the Master Association. Declarant hereby reserves non-exclusive easements on, over, under, across and through all Master Common Property, for the purpose of such inspections and activities related thereto. The Master Association shall provide Declarant's consultant(s) with copies of its maintenance log, and related records reasonably requested by such consultant(s), at least thirty (30) days prior to the date scheduled for Declarant's inspection. Declarant shall provide any updates to the Maintenance Manual to the Master Association. The Master Association shall cause such Master Common Property to be regularly maintained and painted in accordance with the requirements and recommendations of the Maintenance Manual, as revised from time to time, and shall perform all remedial maintenance in accordance with the recommendations of the annual inspection reports prepared by Declarant's consultant(s). The provisions of this Section shall not be amended without the prior written consent of Declarant for so long as Declarant owns any portion of the Master

Community. No Owner shall interfere with the exercise of the foregoing rights by the Master Association, Declarant or a Neighborhood Builder.

(a) **Fuel Treatment Zones.** The Master Association is responsible for maintaining, in accordance with the Fuel Modification Plan, those portions of the Master Association Property that are identified as Fuel Treatment Zones in this Master Declaration, any Supplemental Declaration, Notice of Addition, or in the Fuel Modification Plan. The Master Association shall ensure that only plant materials that are specified in the Fuel Modification Plan shall be installed and maintained in the Fuel Treatment Zones.

(b) **Water Efficient Landscape.** The Master Association is responsible for maintaining the Master Association Property in accordance with Riverside County Ordinance No. 859 (as adopted and any amendments thereto) and the Riverside Guide to California Friendly Landscaping. In accordance with Riverside County Ordinance No. 859, water-intensive landscaping is prohibited and low water use landscaping is required in the Master Association Property.

(c) **Stormwater Pollutant Control.** The Master Association is responsible for ensuring that all BMP's within the Master Community are inspected, and if required, cleaned no later than October 15th of each year.

(d) **Invasive Plant Species.** Owners are prohibited from introducing invasive plant species into the Master Community. A list of approved and prohibited plants shall be included in the Design Guidelines.

(e) **Emergency Access Road.** The Master Association shall also be responsible for maintaining the dirt emergency access road, shown on *Exhibit "EAR"* after such maintenance is assigned to the Master Association through a Notice of Addition or Supplemental Master Declaration.

(f) **Additional Items.** The Master Association shall also be responsible for maintaining any Improvements a majority of the voting power of the Master Association designates for maintenance by the Master Association. Such property shall be deemed to be Master Common Property and subject to the Master Association Governing Documents applicable to the Master Common Property.

(g) **Charges to Owners.** All costs of maintenance for the Master Community shall be paid for as Common Expenses out of the Master Association Maintenance Funds as provided in this Master Declaration.

9.2.6 Maintenance Manual Compliance. The Master Association has the duty and obligation, along with the attendant rights and power to carry out Declarant's and its consultant(s)' maintenance of the Master Common Property in perpetuity, as set forth in the Maintenance Manual and in accordance with the requirements or recommendations of the Declarant and its consultant(s). The Board shall regularly determine whether the recommended inspections and maintenance activities have been followed, and, if any such recommendations have not been followed, what corrective steps need to be taken to assure proper inspections and maintenance of the Master Common Property. The Board shall keep a record of such

determinations in the Board's minutes. The Board shall review the Maintenance Manual for any needed appropriate revisions at appropriate intervals, but in no event less frequently than annually, and shall make appropriate recommendations to Declarant and Declarant's consultant(s) for revisions to the Maintenance Manual within thirty (30) days of its determination that revisions to the Maintenance Manual should be recommended to Declarant.

9.2.7 Inspection of the Master Community. The Board shall require strict compliance with all provisions of this Master Declaration. If in any year Declarant elects not to perform an annual maintenance inspection as provided for in Section 9.2.5 above, the Board shall have the duty and obligation to cause an inspection of the Master Community to be conducted to report any violations of the Master Declaration. The Board shall also cause inspections of the Master Common Property and all Improvements thereon to determine the condition of said Improvements ("*Condition Inspections*"), which shall be conducted in conformance with the applicable Maintenance Guidelines and any Maintenance Manual. In the absence of inspection frequency recommendations in any applicable Maintenance Guidelines or Maintenance Manual, the Board shall conduct Condition Inspections at least once every two (2) years, in conjunction with the inspection required for the reserve study to be conducted pursuant to the Bylaws. Condition Inspections shall, at a minimum, (a) determine whether the Master Common Property is being maintained adequately in accordance with the standards of maintenance established in Section 9.2, (b) identify the condition of the Master 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 required inspections and maintenance activities set forth in any applicable Maintenance Guidelines or Maintenance Manual have been followed and, if not followed, what corrective steps need to be taken to assure proper inspections and maintenance of the Master Common Property. The Board shall keep a record of such determinations in the Board's minutes. The Board shall keep Declarant fully informed of the Board's activities under this Section 9.2.7. 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.

The Board shall prepare a report of the results of the Condition Inspections required by this Section. Reports shall be furnished to Owners within the time set for furnishing the Budget to the Owners. The report of a Condition Inspection must include at least the following:

- (a) a description of the condition of the Master 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, contractor or consultant employed by the Master Association to perform inspections since the Board's last Condition Inspection report;

(e) a report of the status of compliance with the maintenance, replacement and repair needs identified in the Condition Inspection report for preceding years and identified in any applicable Maintenance Guidelines; 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 Master Community, the Board shall also furnish to Declarant (i) the report of each Condition Inspection performed for the Board, whenever such Condition Inspection is performed and for whatever portion of the Master Common Property that is inspected, within thirty (30) days after the completion of such Condition Inspection, and (ii) the most recent Condition Inspection report prepared for any portion of the Master Common Property, within ten (10) days after the Master Association's receipt of a written request therefor from Declarant. The Master Association's obligations under this Section shall continue until the expiration of the ten (10)-year period following the last Close of Escrow in the Master Community. The requirements of this Section are in addition to the Board's obligation to perform ongoing reserve studies as required by the Bylaws. The provisions of this Section shall not be amended without the prior written consent of Declarant.

9.2.8 Damage by Owners. Each Owner is liable to the Master Association for any damage to the Master Association Property caused by the act of an Owner, his Family, guests, tenants or invitees. The Master Association may, after Notice and Hearing, (a) determine whether any claim shall be made on the Master Association's insurance, and (b) levy a Special Assessment equal to the cost of repairing the damage or any deductible paid and the increase, if any, in insurance premiums directly attributable to the damage caused by such Owner or the person for whom such Owner may be liable as described in this Master Declaration. If a Lot or Condominium is jointly owned, the liability of its Owners is joint and several, except to the extent that the Master Association has previously contracted in writing with the joint owners to the contrary. After Notice and Hearing, the cost of correcting the damage shall be a Special Assessment against such Owner.

9.2.9 Master Common Property Damage or Neglect. If any maintenance of the Master Common Property is necessitated in the sole judgment of the Board as a result of the willful or negligent act or neglect of a Neighborhood Association, its members, guests or invitees, or an Owner, his Family, guests, tenants or invitees, such maintenance shall be performed at the expense of such Neighborhood Association or Owner, after Notice and Hearing, and a Special Assessment therefor shall be levied against such Neighborhood Association or Owner; provided, however, that the liability of a Neighborhood Association or an Owner for such damage to the Master Common Property shall not be absolute, but shall only be that for which the Neighborhood Association or Owner is legally responsible under California law. The foregoing shall include, without limitation, any settlement damage to wall footings adjoining a Lot, Condominium, Neighborhood Property or Master Common Property caused by any

excavation, construction or excess irrigation occurring on such adjacent Lot, Condominium, Neighborhood Property or Master Common Property.

9.3 NEIGHBORHOOD ASSOCIATION OBLIGATIONS. Neighborhood Associations, at their expense, shall maintain and restore all Improvements located on Neighborhood Property, as applicable, in a neat, sanitary and attractive condition. If a Neighborhood Association permits any Improvement which such Neighborhood Association is responsible for maintaining, to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate this Master Declaration, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Neighborhood Property to make such repairs or to perform such maintenance and charge the cost thereof to the Neighborhood Association. Said cost shall be a Compliance Assessment enforceable as set forth in this Master Declaration, unless the parties agree that the cost shall constitute a portion of the Special Benefit Area Assessment Component.

ARTICLE X INSURANCE

10.1 DUTY TO OBTAIN INSURANCE; TYPES. The Master Association shall obtain and keep in effect at all times the following insurance coverage:

10.1.1 Comprehensive General Liability. A comprehensive policy of general liability insurance (including coverage for medical payments), insuring against liability for bodily injury, death and property damage arising from the activities of the Master Association and the Owners on the Master Common Property. In addition, the Master Association shall purchase general liability insurance (including coverage for medical payments), insuring for bodily injury, death and property damage arising from the public's use of trails located on Master Common Property, and the public's use of any other area within the Master Common Property that is authorized by easement or license. Such policy shall specify amounts and include protection from liability and risks as are customarily covered in similar master communities in the area of the Master 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 Master Association or the Master Association's officers and directors acting in their capacity as officers and directors. The Master Association's policies shall at all times specify limits no less than the minimum amounts required by California Civil Code Sections 5800 and 5805.

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

10.1.3 Fidelity Insurance. Fidelity insurance coverage for any Person handling funds of the Master 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 Common Assessments on all Lots or Condominiums in the Master Community, plus reserve funds.

10.1.4 Requirements of Fannie Mae, Ginnie Mae and Freddie Mac. Notwithstanding anything in the Master Association Governing Documents to the contrary, the amount, term and coverage of any policy of insurance required under this Article X (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 and Freddie Mac, or any successor to those entities, so long as any of those entities is a Mortgagee or Owner of a Lot or Condominium in the Master 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 10.1.1 above, be no less than that which is customary for similar policies on similar projects in the area of the Master Community.

10.1.5 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.

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

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

10.3 ANNUAL REVIEW OF COVERAGE. The Board shall annually determine whether the amounts and types of insurance coverage that it has obtained pursuant to this Article shall provide adequate coverage for the Master Community, based upon the then current construction costs, insurance practices in the area in which the Master Community is located, and all other factors which may indicate that either additional insurance coverage or increased coverage under the existing policies is necessary or desirable to protect the interests of the Master Association, the Owners and their respective Mortgagees. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Master Common Property, without deduction for depreciation, from a qualified independent insurance appraiser, before each such annual review. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain same.

10.4 INSURANCE OBLIGATIONS OF OWNERS. Each Owner is responsible for insuring his personal property and all other property and Improvements in his Lot or Condominium. Nothing in this Master Declaration shall preclude any Owner from carrying any casualty and/or fire insurance for the Owner's Residence and all personal property within the Residence, and/or public liability insurance as the Owner may deem desirable to cover the Owner's individual liability for damage to person or property occurring inside the Lot or Condominium or elsewhere in the Master Community. The Master Association does not maintain any property or liability insurance for an Owner's Lot or Condominium. If obtainable, any liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Master Association, the Board, their agents and employees, and all other Owners. Such policies shall not adversely affect or diminish any coverage under any insurance obtained by or on behalf of the Master Association. Duplicate copies of such other policies shall be deposited with the Board upon the Board's request. If any loss intended to be covered by insurance carried by or on behalf of the Master Association occurs and the proceeds payable thereunder are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of such insurance to the Master Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

10.5 DUTY TO NOTIFY DECLARANT. Until the last Close of Escrow of a Lot or Condominium in the Master Community, including the Annexable Territory, the Board shall provide summaries of insurance, notices of significant changes in insurance coverage and notice if a policy of insurance is not renewed to the Members and to Declarant.

10.6 NOTICE OF EXPIRATION REQUIREMENTS. If available, each insurance policy the Master Association keeps must contain a provision that said policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without at least thirty (30) days' prior written notice to the Board, Declarant, 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. In addition, fidelity insurance shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to any insurance trustee named pursuant to Section 10.7 and to each Fannie Mae servicer who has filed a written request with the carrier for such notice.

10.7 TRUSTEE FOR POLICIES. The Master Association is trustee of the interests of all named insureds under the Master Association's insurance policies. Unless an insurance policy provides for a different procedure for filing claims, all claims must be sent to the insurance carrier or agent by certified mail and be clearly identified as a claim. The Master Association shall keep a record of all claims made. All insurance proceeds under any Master Association insurance policies must be paid to the Board as trustees. The Board has the authority to negotiate loss settlements with insurance carriers, with participation, to the extent the Board desires, of First Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in Section 11.4. The Board is authorized to make a settlement with any insurer for less than full coverage for any damage, so long as the Board acts in accordance with the standard of care established in this Master Declaration. Any two (2) officers of the Master Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures are binding on all the named

insureds. A representative chosen by the Board may be named as an insured, including a trustee with whom the Master Association may enter into an insurance trust agreement and any successor to such trustee, who shall have exclusive authority to negotiate losses under any insurance policy and to perform such other functions necessary to accomplish this purpose.

10.8 ACTIONS AS TRUSTEE. Except as otherwise specifically provided in this Master Declaration, the Board has the exclusive right to bind the Master Association and the Owners to all matters affecting insurance carried by the Master Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance. Duplicate originals or certificates of all policies of fire and casualty insurance kept by the Master Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Master Association to all Owners and Mortgagees who requested them in writing.

10.9 REQUIRED WAIVER. All of the Master Association's insurance policies insuring against physical damage must provide, if reasonably possible, for waiver of:

10.9.1 Subrogation of claims against the Owners and tenants of the Owners;

10.9.2 Any defense based on coinsurance;

10.9.3 Any right of setoff, counterclaim, apportionment, proration or contribution due to other insurance not carried by the Master Association;

10.9.4 Any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the Master Association, any Owner or any tenant of any Owner, or arising from any act or omission of any named insured or the respective agents, contractors and employees of any insured;

10.9.5 Any right of the insurer to repair, rebuild or replace, and, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

10.9.6 Notice of the assignment of any Owner of his interest in the insurance by virtue of a conveyance of any Lot or Condominium;

10.9.7 Any right to require any assignment of any Mortgage to the insurer;

10.9.8 Any denial of an Owner's claim because of negligence or willful acts by the Master Association or other Owners; and

10.9.9 Prejudice of the insurance by any acts or omissions of Owners that are not under the Master Association's control.

ARTICLE XI
DESTRUCTION OF IMPROVEMENTS

11.1 RESTORATION OF THE MASTER COMMUNITY. Except as otherwise authorized by the Owners, if any portion of the Master Community which the Master Association is responsible for maintaining is destroyed, the Master Association shall restore the same to its former condition as promptly as practical, and in accordance with applicable law and County codes and approvals including plan checks, permits and fee payments. The Master Association shall use the proceeds of its insurance for reconstruction or repair of the Master Community unless otherwise authorized in this Master Declaration or by the Owners. The Board shall commence such reconstruction promptly. The Master Community shall be reconstructed or rebuilt substantially in accordance with the original construction plans if they are available, unless changes recommended by the Design Review Committee have been approved by the Owners. If the insurance proceeds amount to at least ninety percent (90%) of the estimated cost of restoration and repair, the Board shall levy a Reconstruction Assessment to provide the additional funds necessary for such reconstruction. If the insurance proceeds amount to less than ninety percent (90%) of the estimated cost of restoration and repair, the Board may levy a Reconstruction Assessment and proceed with the restoration and repair only if both of the following conditions ("*Conditions to Reconstruction*") have been satisfied: (a) the levy of a Reconstruction Assessment to pay the costs of restoration and repair of the Master Community is approved by the Owners, and (b) within one (1) year after the date on which the destruction occurred, the Board Records a certificate of the resolution authorizing the restoration and repair ("*Reconstruction Certificate*"). If either of the Conditions to Reconstruction does not occur following a destruction for which insurance proceeds available for restoration and repair are less than ninety percent (90%) of the estimated cost of restoration and repair, then the Board shall deposit the funds in the Operating Fund.

11.2 DAMAGE TO RESIDENCES-RECONSTRUCTION. Unless a Neighborhood Association is responsible for rebuilding in accordance with the applicable Neighborhood Declaration, and if all or any portion of any Residence or other Improvements on a Lot or Condominium is damaged or destroyed by fire or other casualty, then the Owner of such Lot or Condominium shall rebuild, repair or reconstruct the Residence and Improvements in accordance with all applicable laws and codes and in a manner which will restore them substantially to their appearance and condition immediately before the casualty or as otherwise approved by the Design Review Committee. If all or any portion of an Owner's Lot or Condominium is destroyed to such an extent that it would be impractical to restore the Lot or Condominium or rebuild damaged Improvements, the Owner shall install landscaping Improvements on the Lot or Condominium in accordance with Design Guidelines. The Owner of any damaged Lot or Condominium or Residence and the Design Review Committee shall proceed with all due diligence, and the Owner shall cause reconstruction or installation of landscape Improvements, as applicable, to commence within six (6) months after the damage occurs and to be completed within twelve (12) months after damage occurs, unless prevented by causes beyond such Owner's reasonable control. The transfer of a damaged Lot or Condominium or a Lot or Condominium with a damaged Residence to another Person will not extend the time allowed in this Section for commencement and completion of reconstruction or installation of landscape Improvements, as applicable, by the transferee. However, no such transferee will be required to commence or complete reconstruction or installation of landscape Improvements, as applicable,

in less than thirty (30) days from the date the transferee acquired title to the Lot or Condominium.

11.3 INTERIOR DAMAGE. With the exception of any casualty or damage covered by insurance kept by the Master Association, restoration and repair of any damage to the interior of any individual Residence, including all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, must be made by and at the individual expense of the Owner of the Residence so damaged. If a determination to rebuild the Master Community after partial or total destruction is made, as provided in this Article, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Design Review Committee as provided in this Master Declaration.

11.4 NOTICE TO OWNERS AND LISTED MORTGAGEES. The Board, immediately on having knowledge of any damage or destruction affecting a material portion of the Master Association Property owned by the Master Association, shall promptly notify all Owners and Mortgagees, insurers and guarantors of First Mortgages on Lots or Condominiums in the Master Community who have filed a written request for such notice with the Board.

ARTICLE XII EMINENT DOMAIN

The term "taking" as used in this Article means condemnation by exercise of the power of eminent domain or inverse condemnation, or by sale under threat of the exercise of the power of eminent domain. The Board shall represent the Owners in any proceedings, negotiations, settlements or agreements regarding takings. All takings proceeds shall be payable to the Master Association for the benefit of the Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article.

12.1 CONDEMNATION OF MASTER ASSOCIATION PROPERTY. If there is a taking of the Master Association Property owned by the Master Association, then the award in condemnation shall be paid to the Master Association and shall be deposited in the Operating Fund, unless the Master Association Property is located in a Special Benefit Area in which case the award shall be paid to the corresponding Special Benefit Operating Fund.

12.2 CONDEMNATION OF LOTS AND CONDOMINIUMS. If there is a taking of a Lot or Condominium, the award in condemnation shall be paid to the Owner of the Lot or Condominium; however, such award shall first be applied to the balance then due on any Mortgages encumbering such Owner's Lot or Condominium, in order of priority.

12.3 NOTICE TO OWNERS AND MORTGAGEES. The Board, on learning of any condemnation proceeding affecting a material portion of the Master Association Property, or any threat thereof, shall promptly notify all Owners and those Mortgagees, insurers and guarantors of Mortgages on Lots or Condominiums in the Master Community who have filed a written request for such notice with the Master Association.

**ARTICLE XIII
RIGHTS OF MORTGAGEES**

13.1 **GENERAL PROTECTIONS.** Notwithstanding any other provision of this Master Declaration, no amendment or violation of the Master Declaration defeats or renders invalid the rights of the Mortgagee under any Mortgage encumbering one (1) or more Lots or Condominiums made in good faith and for value, provided that after the foreclosure of any such Mortgage, such Lot or Condominium will remain subject to this Master Declaration. For purposes of any provisions of the Master Association Governing Documents which require the vote or approval of a specified percentage of First Mortgagees, such vote or approval is determined based on one (1) vote for each Lot or Condominium encumbered by each such First Mortgage.

13.2 **ADDITIONAL RIGHTS.** In order to induce the VA, FHA, Freddie Mac, Ginnie Mae and Fannie Mae to participate in the financing of the sale of Lots or Condominiums, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Master Association Governing Documents, these added provisions control):

13.2.1 **Notices.** Each Mortgagee, insurer and guarantor of a Mortgage encumbering one (1) or more Lots or Condominiums, upon filing a written request for notification with the Board, is entitled to written notification from the Master Association of: (a) any condemnation or casualty loss which affects either a material portion of the Master Community or the Lot(s) or Condominium(s) securing the respective First Mortgage; (b) any delinquency of sixty (60) days or more in the performance of any obligation under the Master Association Governing Documents, including the payment of assessments or charges owed by the Owner(s) of the Lot(s) or Condominium(s) securing the Mortgage, which notice each Owner hereby consents to and authorizes; and (c) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond kept by the Master Association.

13.2.2 **Right of First Refusal.** Each Owner, including each First Mortgagee of a First Mortgage encumbering any Lot or Condominium who obtains title to such Lot or Condominium pursuant to (a) the remedies provided in such Mortgage, (b) foreclosure of the Mortgage, or (c) deed or assignment in lieu of foreclosure, is exempt from any "right of first refusal" created or purported to be created by the Master Association Governing Documents.

13.2.3 **Unpaid Assessments.** Each First Mortgagee of a First Mortgage encumbering any Lot or Condominium who obtains title to such Lot or Condominium pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage, shall take title to such Lot or Condominium free and clear of any claims for unpaid assessments or charges against such Lot or Condominium in excess of six months which accrued before the time such Mortgagee acquires title to such Lot or Condominium.

13.2.4 **Master Association Records.** All Mortgagees, insurers and guarantors of First Mortgages, on written request to the Master Association, shall have the right to:

(a) examine current copies of the Master Association's books, records and financial statements and the Master Association Governing Documents during normal business hours; and

(b) receive written notice of all meetings of Owners; and

(c) designate in writing a representative who shall be authorized to attend all meetings of Owners.

13.2.5 Payment of Taxes. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Master Association Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for Master Association Property, and the Master Association shall immediately reimburse First Mortgagees who made such payments.

13.2.6 Intended Improvements. All intended Improvements in any Phase must be substantially completed or the completion of such Improvements must be secured by a bond or other arrangement acceptable to the CalBRE before the first Close of Escrow in such Phase. All intended Improvements in any Phase shall be substantially consistent with the Improvements in the first Phase of the Covered Party in structure, type and quality of construction. The requirements of this Section are for the benefit of and may be enforced only by Fannie Mae.

13.2.7 Contracts. The Board may enter into such contracts or agreements on behalf of the Master Association as are required in order to satisfy the guidelines of the VA, FHA, Freddie Mac, Ginnie Mae, Fannie Mae or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of First Mortgages encumbering residential Lots or Condominiums. Each Owner hereby agrees that it will benefit the Master Association and the Owners, as a class of potential Mortgage borrowers and potential sellers of their Lots or Condominiums, if such agencies approve the Master Community as a qualifying subdivision under their respective policies, rules and regulations. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot or Condominium.

ARTICLE XIV ENFORCEMENT AND DISPUTE RESOLUTION

14.1 ENFORCEMENT OF MASTER ASSOCIATION GOVERNING DOCUMENTS. All violations of the Master Association Governing Documents, except for: (a) those governed by Sections 14.2 or 14.3, or (b) those subject to the Right to Repair Law and accordingly subject to resolution through Declarant's nonadversarial contractual provisions commencing at Section 14.4 below, or California Civil Code Section 6000, *et seq.*, shall be resolved as follows:

14.1.1 Violations Identified by the Master Association. If the Board or the Design Review Committee determines that there is a violation of the Master Association Governing Documents, other than nonpayment of any assessment, then the Board shall give

written notice to the responsible Owner identifying (a) the condition or violation complained of, and (b) the length of time the Owner has to remedy the violation including, if appropriate, the length of time the Owner has to submit plans to the Design Review Committee and the length of time the Owner has to complete the work proposed in the plans submitted to the Design Review Committee. This requirement shall apply notwithstanding the fact that this Master Declaration may duplicate County ordinances or regulations. If an Owner does not perform corrective action as within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment. If the violation involves nonpayment of any assessment, then the Board may collect such delinquent assessment pursuant to the procedures established in Section 14.2.

14.1.2 Violations Identified by an Owner. If an Owner alleges that another Person is violating the Master Association Governing Documents (other than nonpayment of any assessment), the complaining Owner must first submit the matter to the Board for Notice and Hearing before the complaining Owner may resort to alternative dispute resolution, as required by Section 5925, *et seq.*, of the California Civil Code, or litigation for relief.

14.1.3 Legal Proceedings. Failure to comply with any of the terms of the Master Association Governing Documents by any Person is grounds for relief which may include an action to recover damages, injunctive relief, foreclosure of any lien, or any combination thereof; however, the procedures established in Sections 5900, *et seq.*, and 5925, *et seq.*, of the California Civil Code and in Sections 14.1.1 and 14.1.2 must first be followed, if they apply.

14.1.4 Additional Remedies. After Notice and Hearing, the Board may impose any of the remedies provided for in the Bylaws. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, the Board may assess against a Person for the failure of such Person to comply with the Master Association Governing Documents. Such fines or penalties may only be assessed pursuant to California Civil Code Sections 5850 and 5855. After Notice and Hearing, the Board may direct the officers of the Master Association to Record a notice of noncompliance (if allowed by law) against a Lot or Condominium owned by any Owner who has violated any provision of this Master Declaration. The notice shall include a legal description of the Lot or Condominium and shall specify the provision of this Master Declaration that was violated, the violation committed, and the steps required to remedy the noncompliance. Once the noncompliance is remedied or the noncomplying Owner has taken such other steps as reasonably required by the Board, the Board shall direct the officers of the Master Association to Record a notice that the noncompliance has been remedied.

14.1.5 No Waiver. Failure to enforce any provision of this Master Declaration does not waive the right to enforce that provision, or any other provision of this Master Declaration.

14.1.6 Right to Enforce. The Board, the Master Association, the Declarant and any Owner may enforce the Master Association Governing Documents as described in this Article, subject to 5900, *et seq.*, and 5925, *et seq.*, of the California Civil Code. Each Owner has a right of action against the Master Association for the Master Association's failure to comply

with the Master Association Governing Documents. Each remedy provided for in this Master Declaration is cumulative and not exclusive or exhaustive. The County has the right, but not the obligation, to enforce any of the provisions of this Master Declaration.

14.1.7 Limit on Expenditures. The Master Association may not incur litigation expenses, including attorneys' fees, or borrow money to fund litigation, where the Master Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Master Association first obtains the consent of a majority of the Master Association's voting power (excluding the voting power of any Owner who would be a defendant in such proceedings) and, if applicable, complies with the requirements of Sections 5900, *et seq.*, and 5925, *et seq.*, of the California Civil Code. Such approval is not necessary if the legal proceedings are initiated (a) to enforce the use restrictions contained in Article II, (b) to enforce the architectural and landscaping control provisions contained in Article V, (c) to collect any unpaid assessments levied pursuant to the Master Association Governing Documents, (d) for a claim, (other than a Right to Repair Law Claim) the total value of which is less than Five Hundred Thousand Dollars (\$500,000), or (e) as a cross-complaint in litigation to which the Master Association is already a party. If the Master Association decides to use or transfer Reserve Funds or borrow funds to pay for any litigation, the Master Association must notify the Owners of the decision by mail. Such notice shall provide an explanation of why the litigation is being initiated or defended, why Operating Funds cannot be used, how and when the Reserve Funds will be replaced or the loan will be repaid, and a proposed budget for the litigation. The notice must state that the Owners have a right to review an accounting for the litigation which will be available at the Master Association's office. The accounting shall be updated monthly. If the Master Association action to incur litigation expenses or borrow money to fund litigation concerns a Right to Repair Law Claim, then the voting requirements of both Sections 6.4.3 and 14.1.7 must be met.

14.2 DELINQUENT ASSESSMENTS.

14.2.1 Delinquency. Assessments are delinquent if not paid within fifteen (15) days after the due date established by the Master Association. Assessments not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges bear interest at the maximum rate permitted by law commencing thirty (30) days after the due date until paid. The Master Association may also require the delinquent Owner to pay a late charge in accordance with California Civil Code 5650. The Master Association need not accept any tender of a partial payment of an assessment and all costs and attorneys' fees attributable thereto. Acceptance of any such tender does not waive the Master Association's right to demand and receive full payment.

14.2.2 Creation and Release of Lien.

(a) **Priority of Lien.** All liens levied in accordance with this Master Declaration shall be prior and superior to (i) any declaration of homestead Recorded after the Recordation of this Master Declaration, and (ii) all other liens, except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any First Mortgage made in good faith and for value and Recorded before the date on which

the "Notice of Delinquent Assessment" (described in this Section) against the assessed Lot or Condominium was Recorded.

(b) **Notice Before Creating Lien.** Before the Master Association may place a lien on an Owner's Lot or Condominium to collect a past due assessment, the Master Association shall send written notice ("**Notice of Intent to Lien**"), at least thirty (30) days before Recording the lien, to the Owner by certified mail which contains the following information: (i) the fee and penalty procedure of the Master Association, (ii) an itemized statement of the charges owed by the Owner, including the principal owed, any late charges, any interest and the method of calculation, and attorneys' fees, (iii) the collection practices used by the Master Association, (iv) a statement that the Master Association may recover reasonable costs of collecting past due assessments, (v) a statement that the Owner has the right to inspect the Master Association's records, pursuant to California Corporations Code Section 8333, (vi) the following statement in 14-point boldface type or all capital letters: "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION," (vii) a statement that the Owner shall not be liable to pay the charges, interest and costs of collection if it is determined the assessment was paid on time to the Master Association, and (viii) a statement that the Owner has the right to request a meeting with the Board, as provided by California Civil Code Section 5705(b) and Section 14.2.2(g) below, (ix) a statement concerning the Owner's right to dispute the assessment debt by submitting a written request for dispute resolution to the Master Association pursuant to the Master Association's "meet and confer" program required in California Civil Code Section 5900, *et seq.*, and (x) a statement concerning the Owner's right to request alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 5925 before the Master Association may initiate foreclosure against the Owner's separate interest, except that arbitration shall not be available if the Master Association intends to initiate a judicial foreclosure.

(c) **Dispute Resolution Before Recording Lien.** Before Recording a Notice of Delinquent Assessment, the Master Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution under the Master Association's "meet and confer" program.

(d) **Dispute Resolution Before Foreclosure.** Before initiating a foreclosure for delinquent assessments, the Master Association shall offer the Owner and, if so requested by the Owner, shall participate in dispute resolution under the Master Association's "meet and confer" program or alternative dispute resolution with a neutral third party. The decision to pursue resolution or a particular type of alternative dispute resolution is the Owner's choice, except that arbitration is not available if the Master Association intends to initiate a judicial foreclosure.

(e) **Board Approval.** The decision to Record a Notice of Delinquent Assessment shall be made only by the Board and may not be delegated to an agent of the Master Association. The Board must approve the decision by a majority vote of the Board members in an open meeting. The Board shall record the vote in the minutes of that meeting.

(f) **Dispute by Owner.** An Owner may dispute the Notice of Intent to Lien by submitting to the Board a written explanation of the reasons for the Owner's dispute. The Board shall respond in writing to the Owner within fifteen (15) days after the date of the postmark of the explanation, if the explanation is mailed within fifteen (15) days after the postmark of the Notice of Intent to Lien.

(g) **Owner's Right to Request Meeting.** An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed in Section 14.2.2(b) above. The Master Association shall provide the Owner with the standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days after the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the Notice of Intent to Lien, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the Owner.

(h) **Notice of Delinquent Assessment.** The lien becomes effective on Recordation by the Board or its authorized agent of a Notice of Delinquent Assessment ("**Notice of Delinquent Assessment**") securing the payment of any assessment or installment thereof levied by the Master Association against any Lot or Condominium Owner, as provided in Section 5675 of the California Civil Code. The Notice of Delinquent Assessment must identify (i) the amount of the assessment and other authorized charges and interest, including the cost of preparing and Recording the Notice of Delinquent Assessment, (ii) the amount of collection costs incurred, including reasonable attorneys' fees, (iii) a sufficient description of the Lot or Condominium that has been assessed, (iv) the Master Association's name and address, (v) the name of the Owner of the Lot or Condominium that has been assessed, and (vi) if the lien is to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Master Association to enforce the lien by sale. The Notice of Delinquent Assessment must be signed by an authorized Master Association officer or agent and must be mailed in the manner required by Section 2924b of the California Civil Code to the Owner of record of the Lot or Condominium no later than ten (10) calendar days after Recordation. The lien relates only to the individual Lot or Condominium against which the assessment was levied and not to the Master Community as a whole.

(i) **Service on Owner's Legal Representative.** In addition to the requirements of California Civil Code Section 2924, a Notice of Delinquent Assessment shall be served by the Master Association on the Owner's legal representative in accordance with the manner of service of summons in the California Code of Civil Procedure, commencing with Section 415.10.

(j) **Secondary Addresses.** Upon receipt of an Owner's written request identifying a secondary address for purposes of collection notices, the Master Association shall send an additional copy of any Notice of Intent to Lien, Notice of Delinquent Assessment or other Notice given under Section 14.2.2 to the secondary address provided. The Master Association shall notify Owners of their right to submit secondary addresses to the Master Association, at the time the Master Association issues the proforma operating budget pursuant to California Civil Code Section 5300. The Owner's request must be in writing and mailed to the Master Association in a manner which indicates the Master Association has

received it. The Owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Master Association shall only be required to send Notices to the indicated secondary address from the point the Master Association receives the request.

(k) **Exceptions.** Assessments described in Section 5725(b) of the California Civil Code and Section 2792.26(c) of the California Code of Regulations may not become a lien against an Owner's Lot or Condominium enforceable by the sale of the Lot or Condominium under Sections 2924, 2924(b) and 2924(c) of the California Civil Code.

(l) **Release of Lien.** Within twenty-one (21) days after payment of the full amount claimed in the Notice of Delinquent Assessment, or other satisfaction thereof, the Board shall cause to be Recorded a Notice of Satisfaction and Release of Lien ("**Notice of Release**") stating the satisfaction and release of the amount claimed. The Master Association shall provide the Owner with a copy of the Notice of Release or any other notice that the full amount claimed in the Notice of Delinquent Assessment has been satisfied. The Board may require the Owner to pay a reasonable charge for preparing and Recording the Notice of Release. Any purchaser or encumbrancer who has acted in good faith and extended value may rely on the Notice of Release as conclusive evidence of the full satisfaction of the sums identified as owed in the Notice of Delinquent Assessment.

14.2.3 **Enforcement of Liens.** The Board shall enforce the collection of amounts due under this Master Declaration by one (1) or more of the alternative means of relief afforded by this Master Declaration, subject to the restrictions in California Civil Code Sections 5705, 5715 and 5720.

(a) The lien on a Lot or Condominium may be enforced by foreclosure and sale of the Lot or Condominium after failure of the Owner to pay any assessment, or installment thereof, as provided in this Master Declaration.

(b) The decision to initiate foreclosure after Recording a Notice of Delinquent Assessment shall be made only by the Board and may not be delegated to an agent of the Master Association. The Board shall approve the decision by a majority vote of the Board members in an executive session. The Board shall record the vote in the minutes of the next Board meeting open to all members. The Board shall maintain the confidentiality of the Owner or Owners of the separate interest by identifying the matter in the minutes by the Lot or Condominium number, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days before any public sale.

(c) The Board shall provide notice by personal service to an Owner of a Lot or Condominium who occupies the Lot or Condominium or to the Owner's legal representative, if the Board votes to foreclose upon the Lot or Condominium. The Board shall provide written notice to an Owner of a Lot or Condominium who does not occupy the Lot or Condominium by first-class mail, postage prepaid, at the most current address shown on the books of the Master Association. In the absence of written notification by the Owner to the Master Association, the address of the Owner's Lot or Condominium may be treated as the Owner's mailing address.

(d) The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in Mortgages, or in any manner permitted by law. The Master Association (or any Owner if the Master Association refuses to act) may sue to foreclose the lien if (i) at least thirty (30) days have elapsed since the date on which the Notice of Delinquent Assessment was Recorded, and (ii) at least ten (10) days have elapsed since a copy of the Notice of Delinquent Assessment was mailed to the Owner affected thereby. The Master Association may bid on the Lot or Condominium at foreclosure sale, and acquire and hold, lease, mortgage and convey the same. On completion of the foreclosure sale, the Master Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Lot or Condominium, and the defaulting Owner shall be required to pay the reasonable rental value for the Lot or Condominium during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. A nonjudicial foreclosure to collect delinquent assessments shall be subject to the right of redemption within ninety (90) days after the sale, as provided in California Civil Code Section 5715(b).

(e) A suit to recover a money judgment for unpaid assessments may be brought without foreclosing or waiving any lien securing the same, subject to the provisions of California Civil Code Section 5655, but this provision or any suit to recover a money judgment does not affirm the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.

14.2.4 Priority of Assessment Lien. Mortgages Recorded before a Notice of Delinquent Assessment have lien priority over the Notice of Delinquent Assessment. Sale or transfer of any Lot or Condominium does not affect the assessment lien, except that the sale or transfer of any Lot or Condominium pursuant to judicial or nonjudicial foreclosure of a first Mortgage extinguishes the lien of such assessments as to payments which became due before such sale or transfer. No sale or transfer relieves such Lot or Condominium from liens for any assessments thereafter becoming due. No Person who obtains title to a Lot or Condominium pursuant to a judicial or nonjudicial foreclosure of the First Mortgage is liable for the share of the Common Expenses or assessments chargeable to such Lot or Condominium which became due before the acquisition of title to the Lot or Condominium by such Person. Such unpaid share of Common Expenses or assessments is a Common Expense collectible from all Owners including such Person. The Master Association may take such action as is necessary to make any assessment lien subordinate to the interests of the Department Veterans Affairs of the State of California under its Cal-Vet loan contracts as if the Cal-Vet loan contracts were First Mortgages.

14.2.5 Alternative Dispute Resolution. An Owner may dispute the assessments imposed by the Master Association as provided in this Master Declaration and in California Civil Code Section 5600, *et seq.* If it is determined through dispute resolution pursuant to the Master Association's "meet and confer" program required in this Master Declaration or alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 5925, *et seq.*, that the Master Association has recorded a Notice of Delinquent Assessment in error, the Master Association shall promptly reverse all late charges, fees, interest, attorney's fees and costs of collection, costs imposed for the notice prescribed in California Civil Code Section 5660, and costs of Recordation and release of the lien authorized

under California Civil Code Section 5720(b), and pay all costs related to the dispute resolution or alternative dispute resolution.

14.2.6 Receivers. In addition to the foreclosure and other remedies granted to the Master Association in this Master Declaration, each Owner, by acceptance of a deed to such Owner's Lot or Condominium, conveys to the Master Association all of such Owner's right, title and interest in all rents, issues and profits derived from and appurtenant to such Lot or Condominium, subject to the right of the Master Association to collect and apply such rents, issues and profits to any delinquent assessments owed by such Owner, reserving to the Owner the right, before any default by the Owner in the payment of assessments, to collect and retain such rents, issues and profits as they may become due and payable. On any such default, the Master Association may, on the expiration of thirty (30) days following delivery to the Owner of the "Notice of Delinquent Assessment" described in this Master Declaration, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described in this Master Declaration, (a) enter in or on and take possession of the Lot or Condominium or any part thereof, (b) in the Master Association's name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses of operation, to any delinquencies of the Owner, and in such order as the Master Association may determine. The entering upon and taking possession of the Lot or Condominium, the collection of rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default under this Master Declaration or invalidate any act done pursuant to such notice.

14.2.7 Compliance with Law. To the extent that any provision in this Section 14.2 conflicts with the provisions of the Davis-Stirling Act (California Civil Code Section 4000, *et seq.*), the statutory provisions shall control.

14.3 ENFORCEMENT OF BONDED OBLIGATIONS. If (a) the Master Common Property Improvements in any Phase are not completed before issuance of a Public Report for such Phase by the CalBRE, and (b) the Master Association is obligee under a bond or other arrangement ("**Bond**") required by the CalBRE to secure performance of Declarant's commitment to complete such Improvements, then the following provisions of this Section will be applicable:

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

14.3.2 Consideration by the Owners. A special meeting of Owners for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the Board's failure to consider and vote on the question shall be held no fewer than thirty-five (35) nor more than forty-five (45) days after the Board receives a

petition for such a meeting signed by Owners representing five percent (5%) of the Master Association's total voting power. A vote of a majority of the Master Association's voting power (excluding Declarant and Neighborhood Builders) to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Master Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the Master Association's name.

14.4 DISPUTE WITH DECLARANT PARTIES. Any dispute between the Master Association or any Owners, on the one hand, and the Declarant, any Neighborhood Builder, or any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of the Declarant or Neighborhood Builder (each, a "**Declarant Party**," and collectively, the "**Declarant Parties**"), on the other hand, which dispute:

(a) Arises under this Master Declaration or otherwise relates to the Master Community (including a Right to Repair Law Claim);

(b) Involves neither Master Association Property completion bonds, nor the collection of delinquent assessments from Declarant; and

(c) Does not involve an amount in controversy that is subject to the Small Claims Act (California Civil Procedure Sections 116.110, *et seq.*);

shall be a "Dispute" for purposes of this Section 14.4.

The terms of this Section 14.4 shall apply to all Master Association Property, all Master Maintenance Areas, the Master Association, all Declarant Parties and all Owners (except a Neighborhood Builder Dispute, as defined below). Any Dispute shall be resolved by judicial reference or binding arbitration as provided in Section 14.4.6 and Section 14.4.7 below; provided, however, prior to commencing judicial reference or arbitration proceedings for a Dispute against any Declarant Parties, the Master Association and each Owner covenants and agrees (i) that they shall comply with the applicable provisions of the Davis-Stirling Common Interest Development Act, and (ii) with respect to any Dispute that falls under the Right to Repair Law, that they will comply with the statutory nonadversarial pre-litigation procedures set forth in the Right to Repair Law. Notwithstanding the foregoing, in no event shall the Declarant Parties, the Master Association or any Owner be required to duplicate any obligations or requirements under the Davis-Stirling Common Interest Development Act or the Right to Repair Law.

However, any Right to Repair Law Claim where the parties are limited to one or more Owners or a Neighborhood Association, 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, shall be considered a "**Neighborhood Builder Dispute**." A Neighborhood Builder Dispute shall not constitute a Dispute for purposes of this Section 14.4 so long as (i) neither Declarant nor the Master Association are parties, and (ii) the Neighborhood Builder has elected to institute its own dispute resolution procedure for the resolution of Neighborhood Builder Disputes, and has given notice of its election in an instrument recorded against the Neighborhood Builder's Lots or

Condominiums in accordance with the requirements of the Right to Repair Law. All Neighborhood Builder Disputes shall be resolved pursuant to whatever procedure is elected by the Neighborhood Builder in lieu of this Section 14.4.

14.4.1 Nonadversarial Procedure Election (Calif. Civil Code Sections 914(a) and 910(b)). Declarant hereby notifies the Master Association and each Owner of the existence of the prelitigation procedures set forth in Chapter 4 of Title 7 of Part 2 of the California Civil Code at Sections 910 through 938 (the "**Right to Repair Procedure**"), and further notifies the Master Association and each Owner that such procedures impact their respective legal rights. Declarant hereby notifies the Master Association and each Owner of its election pursuant to California Civil Code Section 914(a) to engage in the Right to Repair Procedure with respect to any formal Right to Repair Law Claim initiated by the Master Association (on its own behalf or in a representative claim on behalf of one or more Owners), or by an Owner. Notwithstanding the foregoing, the Master Association and each Owner are advised that pursuant to Section 915 of the Right to Repair Procedure, Declarant's rights include the right not to engage in the Right to Repair Procedure at any time. By accepting a deed to Master Association Property, a Lot or a Condominium (as applicable), the Master Association and each Owner covenant and agree to comply with the Right to Repair Procedure, or if applicable, the ADR Procedure (defined below) in the resolution of Right to Repair Law Claims.

(a) **Application of Right to Repair Procedure.** If a claim has been made by an Owner or the Master Association in compliance with California Civil Code Section 910 (a "**Right to Repair Law Claim**"), Section 14.4.6 and Section 14.4.7 below describe dispute resolution procedures which apply to Right to Repair Law Claims only after application of the Right to Repair Procedure. If a claim for damage to or defects in the design and/or construction of any Lot or Condominium are made by the Master Association or an Owner who purports that the claim(s) fall outside of the Right to Repair Law or such claims are deemed to fall outside of the Right to Repair Law by a court of law, an arbitrator or a judicial referee, then Declarant hereby adopts the Right to Repair Procedure as its pre-litigation procedures for such claims (the "**ADR Procedure**"). If a Right to Repair Law Claim is not resolved pursuant to the Right to Repair Procedure or the ADR Procedure, as applicable, then it shall be submitted to the arbitration or the judicial reference process as referenced in Section 14.4.6 or Section 14.4.7 below. In all cases, each party shall be solely responsible for its own attorneys' fees. Nothing herein diminishes the rights and obligations of Owner, the Master Association or Declarant under the Right to Repair Procedures with respect to any Right to Repair Law Claim.

(b) **Termination of the Right to Repair Procedures.** The Right to Repair Procedures set forth in this Section 14.4.1 shall terminate and be of no further force or effect upon the first to occur of any of the following: (a) the repeal or judicial invalidation of the Right to Repair Law, or applicable portions thereof; provided, however, for the avoidance of doubt, such repeal or judicial invalidation shall not terminate or invalidate the Right to Repair Procedure as applied to claims or disputes subject to the ADR Procedure; or (b) the expiration of all applicable statutes of limitations (including tolling periods) for the filing of any form of legal proceedings against Declarant in any way relating to or arising out of the development, construction, sale and/or transfer of any of the Master Association Property, Master Maintenance Areas, Lots or Condominiums; or (c) the fifteenth (15th) anniversary of the date of Recordation of the Grant Deed conveying a specific Lot or Condominium to the original purchaser, or the

applicable Master Association Property or Master Maintenance Areas to the Master Association, as the case may be.

(c) **Agent for Right to Repair Procedure Notice.** The name and address of the agent for notice of claims that involve Declarant pursuant to Section 912(e) of the California Civil Code or the ADR Procedure is:

Dan Schwaegler
Forestar Toscana Development Company
c/o Starwood Capital Group
100 Pine Street, Suite 3000
San Francisco, CA 94111

14.4.2 **Delivery of Documents.** Declarant or a Neighborhood Builder has delivered to each original Owner of a Lot or Condominium (with respect to the Lot or the Condominium), and to the Master Association (with respect to Master Association Property or Master Maintenance Areas), certain documents including, without limitation, all Maintenance Guidelines and all manufactured product maintenance, preventative maintenance and limited warranty information. Pursuant to California Civil Code Section 912(h), each Owner shall provide all such documents, together with a copy of the Right to Repair Law (Title 7 of Part 2 of the California Civil Code) to any subsequent purchaser of the Lot or Condominium.

(a) **Maintenance Guidelines and Maintenance Obligations.** The documents delivered by Declarant or a Neighborhood Builder to the Master Association and to each Owner include Maintenance Guidelines, which provide preventative maintenance schedules and obligations pertaining to Master Association Property, Master Maintenance Areas, a Lot or Condominium. Notwithstanding the foregoing, Declarant and the Neighborhood Builders reserve the right, by written notice to Owners and the Master Association (as applicable), to supplement and/or amend the Maintenance Guidelines from time to time. By law, Owners and the Master Association are obligated to follow the Maintenance Guidelines, and all other reasonable maintenance and preventative maintenance schedules and obligations communicated in writing by Declarant or a Neighborhood Builder, as well as all commonly accepted maintenance practices. By accepting a deed to Master Association Property, Master Maintenance Areas, a Lot or a Condominium, each Owner and the Master Association is deemed to covenant to faithfully follow all Maintenance Guidelines, and other maintenance and preventative maintenance schedules and obligations applicable to the Master Association Property, Master Maintenance Areas, Lot or Condominium (and each Owner shall require and cause the same of any tenant or lessee of the Owner's Lot or Condominium).

(b) **Manufactured Products Maintenance and Limited Warranty Information.** The documents delivered by Declarant or a Neighborhood Builder to the Master Association and to each Owner may also include certain manufactured product maintenance, preventative maintenance and limited warranty information. Notwithstanding the foregoing, Declarant and the Neighborhood Builders reserve the right, by written notice to the Master Association or to each Owner (as applicable), to supplement and/or amend such manufactured product maintenance, preventative maintenance and limited warranty information from time to time. By law, Owners and the Master Association are obligated to follow all reasonable

maintenance and preventative maintenance schedules and obligations communicated in writing from Declarant or the Neighborhood Builder as well as all commonly accepted maintenance practices. By accepting a deed to Master Association Property, Master Maintenance Areas, a Lot or a Condominium, each Owner and the Master Association is deemed to covenant to faithfully follow all such maintenance and preventative maintenance schedules and obligations contained in all such manufactured product maintenance, preventative maintenance and limited warranty information (and each Owner shall require and cause any tenant or lessee of the Owner's Lot or Condominium to follow all such schedules and obligations).

(c) **Indemnification.** The Master Association and each Owner covenant to indemnify, defend and hold Declarant and Neighborhood Builders (and all other Declarant Parties) harmless from any loss, costs or damages arising from the failure or refusal to perform its respective obligations under this Section.

14.4.3 **Notice.** Any Person with a Dispute shall give written notice of the Dispute by personal or mail service as authorized by Code of Civil Procedure Sections 415.10, 415.20, 415.21, 415.30 or 415.40 to the party to whom the Dispute is directed ("**Respondent**") describing the nature of the Dispute and any proposed remedy (the "**Dispute Notice**").

14.4.4 **Right to Inspect and Correct.** Commencing on the date the Dispute Notice is delivered to the Respondent and continuing until the Dispute is resolved, the Respondent and its representatives have the right to (a) meet with the party alleging the Dispute at a reasonable time and place to discuss the Dispute, (b) enter the Master Community to inspect any areas that are subject to the Dispute, and (c) conduct inspections and testing (including destructive or invasive testing) in a manner deemed appropriate by the Respondent. If Respondent elects to take any corrective action, Respondent and its representatives shall be provided full access to the Master Community to take and complete the corrective action. Respondent is not obligated to take any corrective action. Respondent, with the consent of Declarant Party, has the right to select the corrective action Respondent believes is appropriate. The right to inspect and correct granted in this Section is in addition to the rights granted in the Calderon Act at California Civil Code Section 6000. The procedures established in the Calderon Act may be implemented before, during or after the procedure in this Section is implemented.

14.4.5 **Mediation.** If the Dispute is not resolved within ninety (90) days after the Respondent receives the Dispute Notice, any party may submit the Dispute to mediation by delivering a request for mediation ("**Mediation Notice**") in the same manner as allowed for delivery of the Dispute Notice. The Dispute shall be mediated pursuant to (a) the Judicial Arbitration and Mediation Service ("**JAMS**") mediation procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (b) the mediation procedures of any successor to JAMS in existence when the Dispute Notice is delivered, as modified by this Section, or (c) mediation procedures approved by the parties of any entity offering mediation services that are acceptable to the parties to the Dispute (each, a "**Party**" and collectively, the "**Parties**"). Except as provided in Section 14.4.7, no Person shall commence litigation regarding a Dispute without complying with this Section 14.4.5.

(a) **Selection of Mediator.** The mediator shall be selected within sixty (60) days from delivery of the Mediation Notice. The mediator shall be selected by mutual

agreement of the Parties. If the Parties cannot agree on a mediator, the mediator shall be selected by the entity providing the mediation service. No Person shall serve as a mediator in any Dispute in which the Person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties. Before accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process.

(b) **Position Letter; Pre-Mediation Conference.** No later than sixty (60) days after selection of the mediator, each Party to the Dispute shall submit a letter ("**Position Statement**") containing (i) a description of the Party's position concerning the issues that need to be resolved, (ii) a detailed description of the defects allegedly at issue, and (iii) a suggested plan of repair, remediation or correction. The mediator may schedule a pre-mediation conference. All Parties shall attend unless otherwise mutually agreed. The mediation shall be commenced within twenty (20) days after submittal of all Position Statements and shall be concluded within fifteen (15) days after the mediation began unless either the mediator extends the mediation period, or the Parties mutually agree to extend the mediation period. The mediation shall be held in the County or another place mutually acceptable to the Parties.

(c) **Conduct of Mediation.** The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate to achieve the goal of settling the Dispute. The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement. The mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the Parties agree to and do assume the expenses of obtaining such advice. The mediator shall not have the authority to impose a settlement on the Parties.

(d) **Application of Evidence Code.** The provisions of California Evidence Code Sections 1115 through 1128 shall be applicable to the mediation process. Use and disclosure of statements, evidence and communications offered or made in the course of the mediation shall be governed by these sections, including the sections which preclude use of material in future proceedings and the sections which provide for confidentiality of material.

(e) **Parties Permitted at Mediation.** Persons other than the Parties, their liability insurers, Declarant Parties, attorneys for the Parties and the mediator may attend mediation sessions only with the permission of the Parties and the consent of the mediator. Declarant has the right to attend the mediation session even if Declarant is not one of the Parties.

(f) **Record.** There shall be no stenographic, video or audio record of the mediation process.

(g) **Expenses.** Each Party shall bear its own attorneys' fees and costs incurred in connection with the mediation, except for the advancement of fees described herein. The fees charged by the mediator and the cost of any proof or expert advice requested by the mediator shall be advanced (in equal amounts) by each of the Declarant Parties to whom the Dispute is directed, unless the Parties agree otherwise; provided, however, that the mediator shall have the power to reallocate such fees and costs among the Parties after conducting the mediation. This provision does not modify any provision of a contract between Declarant and

any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

14.4.6 Judicial Reference. If a Dispute remains unresolved after the mediation required by Section 14.4.5 is completed, or if a Right to Repair Law Claim remains unresolved after resort to the statutory "prelitigation procedures" described in Chapter 4 of the Right to Repair Law then any of the Parties may file a lawsuit, provided that the Master Association must obtain the vote or written consent of Owners other than Declarant or Neighborhood Builders who represent not less than sixty-seven percent (67%) of the Master Association's voting power (excluding the voting power of Declarant) prior to filing a lawsuit in a Dispute or Right to Repair Law Claim with Declarant or a Declarant Party. All lawsuits regarding Disputes or Right to Repair Law Claims must be resolved by general judicial reference pursuant to California Code of Civil Procedure Sections 638 and 641 through 645.1, as modified by this Section 14.4.6. The Parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. No Party shall be required to participate in the judicial reference proceeding if all Parties against whom such Party would have necessary or permissive cross-claims or counterclaims will not or cannot be joined in the judicial reference proceeding. The general referee shall have the authority to try all issues of fact and law and to report a statement of decision to the court. The referee shall be the only trier of fact and law in the reference proceeding, and shall have no authority to further refer any issues of fact or law to any other Person unless all Parties to the judicial reference proceeding consent, or the referee determines that a conflict of interest or similar situation has arisen which would make it inappropriate for the referee to act as the trier of fact or law concerning an issue or matter. In the second alternative, an alternative judicial referee shall be selected in accordance with Section 14.4.6(b) solely for resolving or rendering a decision concerning the issue or matter involved in the conflict.

(a) **Place.** The proceedings shall be heard in the County.

(b) **Referee.** The referee shall be a retired judge who served on the Superior Court of the State of California in the County with substantial experience in the type of matter in dispute and without any relationship to the Parties or interest in the Master Community, unless the Parties agree otherwise. The Parties to the judicial reference proceeding shall meet to select the referee no later than thirty (30) days after service of the initial complaint on all defendants named in the complaint. Any dispute regarding the selection of the referee shall be resolved by the court in which the complaint is filed.

(c) **Commencement and Timing of Proceeding.** The referee shall commence the proceeding at the earliest convenient date and shall conduct the proceeding without undue delay.

(d) **Pre-hearing Conferences.** The referee may require pre-hearing conferences.

(e) **Discovery.** The Parties to the judicial reference proceeding shall be entitled only to limited discovery, consisting of the exchange of the following: (i) witness lists, (ii) expert witness designations, (iii) expert witness reports, (iv) Exhibits,

(v) reports of testing or inspections, and (vi) briefs. Any other discovery authorized in the California Code of Civil Procedure shall be permitted by the referee upon a showing of good cause or based on the consent of all Parties to the judicial reference proceeding.

(f) **Motions.** The referee shall have the power to hear and dispose of motions, including motions relating to discovery, provisional remedies, demurrers, motions to dismiss, motions for judgment on the pleadings and summary judgment and/or adjudication motions, in the same manner as a trial court judge. The referee shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(g) **Record.** A stenographic record of the hearing shall be made which shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(h) **Statement of Decision.** The referee's statement of decision shall contain an explanation of the factual and legal basis for the decision pursuant to California Code of Civil Procedure Section 632. The decision of the referee shall stand as the decision of the court, and upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the matter had been tried by the court.

(i) **Remedies.** The referee may grant all legal and equitable remedies and award damages in the judicial reference proceeding.

(j) **Post-hearing Motions.** The referee may rule on all post-hearing motions in the same manner as a trial judge.

(k) **Appeals.** The decision of the referee shall be subject to appeal in the same manner as if the matter had been tried by the court.

(l) **Expenses.** Each Party shall bear its own attorneys' fees and costs incurred in connection with the judicial reference proceeding. All other fees and costs incurred in connection with the judicial reference proceeding, including the cost of the stenographic record, shall be advanced equally by each of Declarant and the Declarant Parties to whom the Dispute or Right to Repair Law Claim is directed. However, the referee shall have the power to reallocate such fees and costs among the Parties in the referee's final ruling. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

14.4.7 **Binding Arbitration.** If for any reason the judicial reference procedures in Section 14.4.6 are legally unavailable, unenforceable at the time a Dispute would otherwise be referred to judicial reference, or if all necessary parties cannot be joined in the judicial reference proceeding described in Section 14.4.6, then such Dispute shall be submitted to neutral binding arbitration. ARBITRATION SHALL BE MANDATORY AND BINDING, AND SHALL BE GOVERNED BY THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT (TO THE EXTENT IT IS CONSISTENT WITH THE

FEDERAL ARBITRATION ACT), AND CONDUCTED SUBJECT TO THE FOLLOWING PROCEDURES.

(a) **Selection of Arbitrator.** Any Dispute subject to this Section 14.4.7 shall be submitted to neutral binding arbitration by and pursuant to the arbitration rules and procedures of the Judicial Mediation Services (“JAMS”) in effect at the time the request for arbitration is submitted. If JAMS is for any reason unwilling or unable to serve as the arbitration service, the Parties shall select another reputable arbitration service mutually acceptable to all Parties. If the Parties are unable to agree on an alternative service, then any Party may petition any court of competent jurisdiction in the County to appoint such an alternative service, which appointment shall be binding on the Parties. Such arbitration shall be conducted pursuant to the rules and procedures of such alternative service in effect at the time the request for arbitration is submitted. Nothing herein shall prevent the Parties from agreeing to use an alternative arbitration service.

(b) **Federal Arbitration Act.** Disputes subject to arbitration under this Section 14.4.7 involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act (9 U.S.C. §1, *et seq.*), to the exclusion of any different or inconsistent state or local law, ordinance, regulation, or judicial rule.

(c) **Benefited Parties.** The arbitration provisions in this Section 14.4.7 shall inure to the benefit of, and be enforceable by the Declarant Parties and each of their contractors, subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person whom the applicable claimant may contend is responsible for any alleged loss, liability or damages incurred by the claimant as a result of the circumstances relating to such Dispute.

(d) **Attorney’s Fees.** If any Dispute is submitted to arbitration, each Party shall bear its own attorneys’ fees and costs (including expert costs) for the arbitration.

(e) **Remedies.** The arbitrator is authorized to provide all recognized remedies available in law or in equity for any cause of action that is the basis of the arbitration; however, the arbitrator shall have no power to grant any remedy not available to a judge of the Superior Court of the State of California under California law or equity.

(f) **Decision.** The decision of the arbitrator is final and binding; provided, however, that the arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected for any such error on appeal to a court of competent jurisdiction in the County. Any application to confirm, vacate, modify, or correct an award rendered by the arbitrator shall be filed in any court of competent jurisdiction in the County.

(g) **Choice of Law.** To the extent that any state or local law, ordinance, regulation, or judicial rule is inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rules shall govern the conduct of the proceeding.

(h) **Other Proceedings.** The participation by any Party in any judicial proceeding concerning this arbitration provision or any arbitrable issue hereunder shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this arbitration agreement.

(i) **Expenses.** The fees to initiate the arbitration shall be advanced by the Declarant and any Declarant Party. Subsequent fees and costs of the arbitration and/or the arbitrator shall be borne equally by the Parties to the arbitration; provided, however, that the fees and costs of the arbitration and/or the arbitrator ultimately shall be borne as determined in the discretion of the arbitrator. This provision does not modify any provision of a contract requiring indemnification or establishing a different allocation of costs between the Parties.

(j) **Arbitrator.** The arbitrator appointed to serve shall be a neutral and impartial individual.

(k) **Venue.** The venue of the arbitration shall be in the County unless the Parties agree in writing to another location.

(l) **Severability.** If any provision of this Section 14.4.7 is determined to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

(m) **Self-Executing.** This arbitration provision is self-executing. Any Dispute concerning the interpretation or the enforceability of the arbitration provisions in this Section 14.4.7, including its revocability or voidability for any cause, any challenges to the enforcement or the validity hereof, or the scope of arbitrable issues hereunder, and any defense relating to the enforcement of the arbitration agreement set forth in this Section 14.4.7, including, waiver, estoppel, or laches, shall be decided by an arbitrator in accordance with this arbitration provision and not by a court of law.

(n) **AGREEMENT.** BY TAKING TITLE TO ALL OR ANY PORTION OF THE COMMUNITY, THE ASSOCIATION AND EACH OWNER ARE DEEMED TO AGREE TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION 14.4.7 DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT (TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT). ACKNOWLEDGEMENT OF THE FOREGOING IS A CONDITION TO CONVEYANCE OF TITLE TO ANY PORTION OF THE MASTER COMMUNITY TO SUCH PARTICIPANT. BY TAKING TITLE TO ANY PORTION OF THE MASTER COMMUNITY SUBJECT TO THIS SECTION 14.4.7, A PARTY IS DEEMED TO HAVE AGREED TO GIVE UP ANY RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE ANY DISPUTES SUBJECT HERETO LITIGATED IN A COURT OR JURY TRIAL, AS WELL AS THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF ANY SUCH PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER TAKING TITLE TO ANY PORTION OF THE MASTER COMMUNITY AND AGREEING, IN CONNECTION THEREWITH, TO THE FOREGOING PROVISIONS, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE

FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT (TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT). BY EXECUTING ANY GRANT DEED OR OTHER INSTRUMENT CONVEYING ANY PORTION OF THE MASTER COMMUNITY, THE GRANTEE THEREIN SHALL BE DEEMED TO ACKNOWLEDGE THAT ITS AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

14.4.8 **Statutes of Limitation.** Nothing in this Section 14.4 shall be considered to toll, stay, reduce or extend any applicable statute of limitations; provided, however, that Declarant, the Declarant Parties, the Master Association and any Owner may commence a legal action which in the good faith determination of that Person is necessary to preserve that Person's rights under any applicable statute of limitations so long as no further steps in processing the action are taken except those authorized in this Section 14.4.

14.4.9 **Agreement to Dispute Resolution; Waivers of Jury Trial.** DECLARANT, NEIGHBORHOOD BUILDERS, THE MASTER ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 14.4 TO RESOLVE ALL DISPUTES AND RIGHT TO REPAIR LAW CLAIMS AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES AND RIGHT TO REPAIR LAW CLAIMS IN ANY OTHER MANNER. DECLARANT, NEIGHBORHOOD BUILDERS, THE MASTER ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AND RIGHT TO REPAIR LAW CLAIMS AS PROVIDED IN THIS SECTION 14.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES AND RIGHT TO REPAIR LAW CLAIMS TRIED BEFORE A JURY. THIS SECTION 14.4 MAY NOT BE AMENDED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT.

14.5 **COVENANT REGARDING PROCEEDS.** If the Master Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

14.1 **APPROVAL OF AMENDMENTS.** No amendment may be made to Sections 14.4, 14.5 or 14.1 without the prior written approval of Declarant.

ARTICLE XV GENERAL PROVISIONS

15.1 **TERM.** This Master Declaration shall continue in full force unless a Declaration of Termination satisfying the requirements of an amendment to the Master Declaration as set forth in Section 15.3 is Recorded; provided, however, that this Master Declaration shall continue in full force for a minimum term of sixty (60) years.

15.2 INTERPRETATION.

15.2.1 **General Rules.** The Master Association Governing Documents shall be liberally construed to effectuate the goal of creating a uniform plan for the development of a planned community and for the maintenance of the Master Common Property. Any violation of the Master Association Governing Documents is a nuisance. The Master Association Governing

Documents shall be interpreted so as to be consistent with applicable laws and regulations, including ordinances and regulations of the appropriate Local Governmental Agencies. As used in the Master Association Governing Documents, the singular includes the plural and the plural the singular; and the masculine, feminine and neuter each include the other, unless the context dictates otherwise. Except as otherwise expressly provided, any reference to time for performance of obligations or to elapsed time means consecutive calendar days, months, or years, as applicable.

15.2.2 Articles, Sections and Exhibits. The Article, Section and paragraph headings are inserted for convenience only, and may not be considered or referred to in resolving questions of interpretation or construction. Unless otherwise indicated, reference to Articles, Sections and Exhibits are to Articles, Sections and Exhibits of the document containing the reference. All Exhibits attached to this Master Declaration are incorporated in this Master Declaration by this reference. The locations and dimensions of any Improvements depicted on the Exhibits attached hereto and to any Notice of Addition or Supplemental Master Declaration are approximate only and the as-built location and dimension of any such Improvements shall control.

15.2.3 Intent of Declarant. Declarant intends that the Master Community be developed for single-family and multi-family residential, and other uses defined in Supplemental Master Declarations, all consistent with this Master Declaration and any applicable Supplemental Master Declarations. In addition, Declarant, at its option, may designate areas for maintenance, recreational, institutional or other purposes.

15.2.4 Relationship to Other Master Association Governing Documents. As each Phase of the Master Community is developed, Declarant or Declarant and a Neighborhood Builder may, concerning that Phase, Record one (1) or more Supplemental Master Declarations or Notices of Addition which shall designate the use classifications within the areas affected and which may supplement this Master Declaration with such additional covenants, conditions, restrictions and land uses as Declarant may deem appropriate for the real property described therein and/or being annexed thereby. The provisions of any Supplemental Master Declaration or Notice of Addition may impose such additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations as Declarant may deem advisable, taking into account the particular requirements of each Phase. If there is any conflict between any Supplemental Master Declaration or Notice of Addition and the Master Declaration, the Supplemental Master Declaration or Notice of Addition (as applicable) shall control with respect to the real property described in and/or annexed by such Supplemental Master Declaration or Notice of Addition (as applicable). If there is any conflict between any Neighborhood Declaration and the provisions of the Master Declaration or applicable Supplemental Master Declaration, the Master Declaration and applicable Supplemental Master Declaration shall control so long as it was prepared in accordance with the requirements of this Master Declaration. A Neighborhood Declaration may, but need not, provide for the establishment of a Neighborhood Association.

15.2.5 Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Master Declaration and the Articles, Bylaws, Design Guidelines or Rules and Regulations then the provisions of this Master Declaration shall prevail.

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

15.2.7 **Statutory References.** All references made in this Master Declaration to statutes are to those statutes as currently in effect or to subsequently enacted replacement statutes.

15.3 **TERMINATION AND AMENDMENT.**

15.3.1 **Amendment Approval.** Notice of the subject matter of a proposed amendment to this Master Declaration, a Notice of Addition or Supplemental Master Declaration in reasonably detailed form must be included in the notice of any Master Association meeting or election at which a proposed amendment is to be considered. To be effective, a proposed amendment (other than an amendment by Declarant or by the Board, as described in Sections 15.3.7 and 15.3.8, respectively) must be adopted by the vote, in person or by proxy, or written consent of Owners representing not less than (a) sixty-seven percent (67%) of the voting power of each Class of the Master Association and (b) sixty-seven percent (67%) of the Master Association's voting power represented by Owners other than Declarant and Neighborhood Builders, provided that the specified percentage of the Master Association's voting power necessary to amend a specific provision of this Master Declaration may not be less than the percentage of affirmative votes prescribed for action to be taken under the provision that is the subject of the proposed amendment.

15.3.2 **Mortgagee Consent.** In addition to the consents required by Section 15.3.1, the Mortgagees of fifty-one percent (51%) of the First Mortgages on all the Lots and Condominiums in the Master Community who have requested the Master Association to notify them of proposed action requiring the consent of a specified percentage of First Mortgagees must approve any amendment to this Master Declaration, any Notice of Addition and Supplemental Master Declaration which is of a material nature, as follows:

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Mortgagees, insurers or guarantors of First Mortgages.

(b) Any amendment which would require a Mortgagee after it has acquired a Lot or Condominium through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing before such foreclosure.

(c) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Lot or Condominium not being separately assessed for tax purposes.

(d) Any amendment relating to (i) the insurance provisions in Article X, (ii) the application of insurance proceeds in Article XI, or (iii) the disposition of any money received in any taking under condemnation proceedings.

(e) Any amendment which would restrict an Owner's right to sell or transfer his or her Lot or Condominium.

(f) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if such Lot or Condominium is proposed to be transferred.

15.3.3 Amendment of Defect Claims Provisions. Except for any amendment made by Declarant as authorized in Section 15.3.7, neither this Section 15.3.3, nor Sections 1.41, 1.78, 1.79, 6.4.3, 9.2.7, 14.1.7, 14.4, 15.3.7, 15.3.8 nor 18.7 may be amended without the prior written approval of Declarant until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Declarant or its affiliates under the Right to Repair Law (including tolling periods).

15.3.4 Termination Approval. Termination of this Master Declaration requires approval of the Owners as provided in Section 15.3.1, and until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Declarant or its affiliates under the Right to Repair Law (including tolling periods), the prior written approval of Declarant.

15.3.5 Notice to Mortgagees. Each Mortgagee of a First Mortgage on a Lot or Condominium in the Master Community which receives proper written notice of a proposed amendment or termination of this Master Declaration, any Notice of Addition or any Supplemental Master Declaration with a return receipt requested is deemed to have approved the amendment or termination if the Mortgagee fails to submit a response to the notice within thirty (30) days after the Mortgagee receives the notice.

15.3.6 Certificate. A copy of each amendment (excluding the amendments described in Section 15.3.7 of this Master Declaration) must be certified by at least two (2) Master Association officers. The amendment becomes effective when a Certificate of Amendment is Recorded. The certificate, signed and sworn to by two (2) Master Association officers that the requisite number of Owners and Mortgagees have approved the amendment, when Recorded, is conclusive evidence of that fact. The Master Association shall keep in its files for at least four (4) years the record of all such approvals. The certificate reflecting any termination or amendment which requires the written consent of any of the Mortgagees of First Mortgages must include a certification that the requisite approval of such First Mortgagees was obtained.

15.3.7 AMENDMENT OR TERMINATION BY DECLARANT.

(a) **Before First Closing.** Notwithstanding any other provisions in this Article, (i) Declarant may unilaterally amend or terminate this Master Declaration for any purpose, until the first Close of Escrow in the Master Community, and (ii) Declarant may unilaterally amend or terminate a Notice of Addition or Supplemental Master Declaration for any purpose, until the first Close of Escrow in the real property affected by the Notice of Addition or

Supplemental Master Declaration to be amended or terminated. Amendment or termination shall not be effective until Declarant has Recorded in the Official Records an instrument signed and acknowledged by Declarant and any other record Owners of the Master Community (in the case of amendment or termination of this Master Declaration), or, in the case of a Notice of Addition or Supplemental Master Declaration, the instrument must be signed by Declarant and other record Owners of the real property affected by the Notice of Addition or Supplemental Master Declaration to be amended or terminated. In addition, Declarant and Neighborhood Builders shall comply with the requirements of Section 20.1.1 of this Master Declaration, which may require the prior written consent of the County Planning Director before recording such amendments.

(b) **Minor Corrections.** Notwithstanding any other provisions of this Article, Declarant (for so long as Declarant or any Neighborhood Builder owns any portion of the Master Community or the Annexable Territory) may unilaterally amend this Master Declaration, any Notice of Addition or any Supplemental Master Declaration by Recording a written instrument signed by Declarant in order to: (a) conform this Master Declaration, any Notice of Addition or Supplemental Master Declaration to the rules, regulations or requirements of VA, FHA, CalBRE, Fannie Mae, Ginnie Mae or Freddie Mac or the County, (b) amend, replace or substitute any Exhibit to correct typographical or engineering errors, (c) include any Exhibit that was inadvertently omitted at the time of Recording, (d) comply with any County, State or Federal laws or regulations, (e) correct typographical errors, (f) supplement this Master Declaration with provisions which pertain to rights and obligations of Declarant, the Master Association or Owners arising under the Right to Repair Law at Division 2, Part 2, Title 7 (commencing with Section 895) of the California Civil Code, (g) re-Phase any portion of the Master Community; and (h) change any Exhibit or portion of an Exhibit to conform to as-built conditions.

15.3.8 **Minor Corrections by the Board.** The Board may amend this Master Declaration or a Notice of Addition or Supplemental Master Declaration by Recording a written instrument signed by two officers of the Master Association certifying that the Board approved the amendment for the purposes described in Sections 15.3.7 (b), (c), (d), (e), and (h) above. However, until the end of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Declarant or its affiliates under the Right to Repair Law (including tolling periods), the Board must obtain the prior written approval of Declarant to any amendment approved by the Board, or any other amendment by the Board or Master Association that affects the rights of Declarant under the Right to Repair Law, this Master Declaration or any Supplemental Master Declaration or Notice of Addition, or for any amendment by the Board concerning matters discussed in Article III or Article XVIII.

15.3.9 **County Approval.** Any proposed amendment to this Master Declaration which would affect the maintenance provisions of this Master Declaration, the levying of Common Assessments or any provision required to be included in this Master Declaration by the conditions of approval or County code requirements must be approved by the County before the amendment may take effect. The proposed amendment must be submitted in writing to the Planning Department of the County for approval. Any proposed Declaration of Termination of this Master Declaration must be approved in writing by the County before the

termination can be effective. The proposed Declaration of Termination must be submitted in writing to the Planning Department of the County for approval.

15.4 NO PUBLIC RIGHT OR DEDICATION. Except as expressly provided in this Master Declaration, nothing in this Master Declaration constitutes a gift or dedication of all or any part of the Master Community to the public, or for any public use.

15.5 CONSTRUCTIVE NOTICE AND ACCEPTANCE. Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or Condominium or other portion of the Master Community consents and agrees, and shall be conclusively deemed to have consented and agreed, to every limit, restriction, easement, reservation, condition and covenant contained in this Master Declaration, whether or not any reference to these restrictions is contained in the instrument by which such Person acquired an interest in the Master Community. As soon as practicable before sale or transfer of title to a Lot, Condominium or other separate interest in the Master Community or execution of a real property sales contract therefore, the Owner of the Lot, Condominium or other separate interest shall provide to the purchaser copies of the Master Association Governing Documents listed in California Civil Code Section 4525 and its successor statutes.

15.6 NOTICES. Except as otherwise provided in this Master Declaration, notice to be given to an Owner must be in writing and may be delivered personally to the Owner or Mortgagee personally or by any system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means. Delivery of such notice to one (1) or more co-owners of a Lot or Condominium, to any general partner of a partnership or to a member of a limited liability company, constitutes delivery to all co-owners, the partnership or the limited liability company. Delivery of such notice to any officer or agent for the service of process on a corporation constitutes delivery to the corporation. Alternatively, notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner or Mortgagee at the most recent address furnished by such Owner or Mortgagee to the Master Association. If an Owner does not furnish an address, notice may be sent to the street address of an Owner's Lot or Condominium. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Master Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Master Association at such address as may be fixed from time to time and circulated to all Owners or sent by any system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means to such address or telephone number as the Board may establish.

15.7 PRIOR RECORDED DECLARATIONS AND EASEMENTS. The Master Community, or portions thereof, are subject to prior recorded declaration of covenants, conditions and restrictions and easements as follows:

15.7.1 1992 Declaration and Easement. A declaration of covenants, conditions and restrictions recorded on June 30, 1992, as Instrument No. 1992-242353 ("**1992 Declaration**") and a Grant of Easement recorded on June 30, 1992, as Instrument No. 1992-242352 ("**1992 Easement**"), both recorded in Official Records of Riverside County, California.

Each Owner of a Lot or Condominium in the Master Community understand and agree by acceptance of a deed to a Lot or Condominium, and the Master Association agrees by acceptance of a deed to Master Association Property, to be bound by every term, covenant and condition described in the 1992 Declaration and the 1992 Easement. The foregoing sentences are included in this Master Declaration solely to satisfy the condition stated in Section 20.2 of the 1992 Declaration. Section 20.2 generally provides that, upon any transfer of property subject to the 1992 Declaration, if the foregoing statements are included in the transferring document, the 1992 Declaration shall cease to apply to such property transferred except paragraphs 4, 5, 6 and 7 shall continue in full force and effect and applicable to the lot or property so transferred. Consequently, by acceptance of a deed to a Lot, Condominium or Master Association Property, Owners and the Master Association, as applicable, are deemed to agree to the foregoing statement, and to be bound by the terms, conditions and restrictions in paragraphs 4, 5, 6 and 7 of the 1992 Declaration. All other terms, conditions and restrictions contained in the 1992 Declaration shall cease to apply to the Owners and their Lots or Condominiums and to the Master Association and the Master Association Property.

15.7.2 1993 Declaration and Easement. A declaration of covenants, conditions and restrictions recorded on November 12, 1993, as Instrument No. 1993-451567 ("**1993 Declaration**") and a Grant of Easement recorded on November 12, 1993, as Instrument No. 1993-451566 ("**1993 Easement**"), both recorded in Official Records of Riverside County, California. Each Owner of a Lot or Condominium in the Master Community understand and agree by acceptance of a deed to a Lot or Condominium, and the Master Association agrees by acceptance of a deed to Master Association Property, to be bound by every term, covenant and condition described in the 1993 Declaration and the 1993 Easement. The foregoing sentences are included in this Master Declaration solely to satisfy the condition stated in Section 21.2 of the 1993 Declaration. Section 21.2 generally provides that, upon any transfer of property subject to the 1993 Declaration, if the foregoing statements are included in the transferring document, the 1993 Declaration shall cease to apply to such property transferred except paragraphs 4, 5, 6 and 7 shall continue in full force and effect and applicable to the lot or property so transferred. Consequently, by acceptance of a deed to a Lot, Condominium or Master Association Property, Owners and the Master Association, as applicable, are deemed to agree to the foregoing statement, and to be bound by the terms, conditions and restrictions in paragraphs 4, 5, 6 and 7 of the 1993 Declaration. All other terms, conditions and restrictions contained in the 1993 Declaration shall cease to apply to the Owners and their Lots or Condominiums and to the Master Association and the Master Association Property.

15.8 MERGERS OR CONSOLIDATIONS. Upon a merger or consolidation of the Master Association with another association, the Master Community, rights and obligations of the Master Association may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the Master Community, rights and obligations of the Master Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by the Master Association Governing Documents governing the Master Community, together with the covenants and restrictions established upon any other property, as one (1) plan.

**ARTICLE XVI
LAND CLASSIFICATIONS**

The Master Community, including each portion of Annexed Territory described in a Supplemental Master Declaration, shall be designated according to one or more of the following land classifications: (a) Condominium Area, (b) Residential Area, (c) Apartment Area, (d) Master Association Property, (e) Master Maintenance Areas, (f) Neighborhood Property, (g) Phase, and (h) Special Benefit Area. The Declarant has the right to create other area designations in Supplemental Master Declarations.

**ARTICLE XVII
ANNEXATION OF ADDITIONAL PROPERTY**

Additional real property may be annexed to the Master Community and such additional real property may become subject to this Master Declaration by any of the following methods:

17.1 ADDITIONS BY DECLARANT OR NEIGHBORHOOD BUILDERS. Declarant, and Neighborhood Builders with Declarant's consent, may add the Annexable Territory or any portion thereof to the Master Community and bring such added territory under the general plan of this Master Declaration without the approval of the Master Association, the Board, or Owners, so long as Declarant or a Neighborhood Builder owns any portion of the Annexable Territory. Annexable Territory added under this Section 17.1 may consist of Neighborhood Property or Master Association Property without residential Lots or Condominiums. Any proposed addition by a Neighborhood Builder must be approved by Declarant in writing. As each Phase is developed, Declarant and Neighborhood Builder may, with respect thereto and as the owner thereof, Record a Supplemental Master Declaration which may supplement this Master Declaration with such additional covenants, conditions, restrictions, reservations and easements as Declarant or Neighborhood Builder may deem appropriate for that Phase. Any Supplemental Master Declaration executed by a Neighborhood Builder must also be executed by Declarant, evidencing Declarant's consent. This Master Declaration shall not create an encumbrance on the Annexable Territory until such time as a Notice of Addition or Supplemental Master Declaration is recorded annexing such property to the coverage of the Master Declaration.

17.1.1 Mandatory Annexable Territory. This Section 17.1.1 is included pursuant to the County's requirements for approval of the Master Community. The Mandatory Annexable Territory shall in the future be added to the Master Community and brought under the general plan of this Master Declaration (the "*Mandatory Annexation*"). The Mandatory Annexation for all or any portion of the Mandatory Annexable Territory shall not require the approval of the Master Association, the Board, or Owners, so long as Declarant or any Neighborhood Builder owns any portion of the Mandatory Annexable Territory. No Close of Escrow for the sale of a residential Lot or Condominium located in the Mandatory Annexable Territory may occur prior to the Mandatory Annexation of such residential Lot or Condominium. No amendment may be made to this Section 17.1.1 without the prior written approval of Declarant and the Planning Director of the County or the County's successor-in-interest. The County may require Permissible Annexable Territory to be designated as Mandatory Annexable

Territory in connection with future map approvals, which shall be set forth in a Supplemental Master Declaration.

17.2 OTHER ADDITIONS. Additional real property may be annexed to the Master Community and brought under the general plan of this Master Declaration upon the approval by vote or written consent of the members entitled to exercise no less than two-thirds (2/3) of the Master Association's voting power.

17.3 RIGHTS AND OBLIGATIONS-ADDED TERRITORY. Subject to the provisions of Section 17.4, when a Notice of Addition containing the provisions required by this Section is Recorded, all provisions in this Master Declaration will apply to the real property described in such Notice of Addition (the "*Added Territory*") in the same manner as if the real property were originally covered by this Master Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of Lots or Condominiums in the Added Territory, as well as in the property originally subject to this Master Declaration, will be the same as if the Added Territory were originally covered by this Master Declaration. On the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot or Condominium included in a Phase for which a Public Report has been issued by the CalBRE in the Added Territory, the Owners of Lots or Condominiums located in such Phase shall share in the payment of assessments to the Master Association to meet Common Expenses of the Master Community. On the first day of the first calendar month following the issuance of a certificate of occupancy for at least one apartment located in an Apartment Area that is covered by a single Notice of Addition or Supplemental Master Declaration, the Owner(s) of such Apartment Area shall share in the payment of assessments to the Master Association to meet Common Expenses of the Master Community. Voting rights attributable to the Lots, Condominiums or apartments in the Added Territory may not be exercised until Common Assessments have commenced on such Lots, Condominiums or apartments.

17.4 NOTICE OF ADDITION. The additions authorized under Sections 17.1 and 17.2 must be made by Recording a Notice of Addition which will extend the general plan of this Master Declaration to such Added Territory. The Notice of Addition for any addition under Section 17.1 must be signed by Declarant. The Notice of Addition for any addition under Section 17.2 must be signed by at least two (2) officers of the Master Association to certify that the Owner approval required under Section 17.2 was obtained. On Recordation of the Notice of Addition, the Added Territory will be annexed to and constitute a part of the Master Community and will become subject to this Master Declaration. Declarant shall have the right to annex a portion of an open space lot or other real property as Master Association Property in one Phase and annex the remainder of such property in a later Phase, or if the remainder of such lot is transferred to a public entity or conservation easement holder, to encumber only the portion of such property so annexed by this Master Declaration. An Owner of a residential Lot or Condominium included in a Phase for which a Public Report has been issued by the CalBRE in the Added Territory will automatically acquire Membership upon Close of Escrow of such Owner's Lot or Condominium. An Owner of an Apartment Area covered by a Notice of Addition or Supplemental Master Declaration will automatically acquire Membership upon the commencement of Common Assessments. A Notice of Addition may contain a Supplemental Master Declaration with such additions and modifications of the covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Master

Declaration as may be necessary to reflect the different character, if any, of the Added Territory, or as Declarant deems appropriate in the development of the Added Territory, and as are not inconsistent with the general plan of this Master Declaration. No Notice of Addition or Supplemental Master Declaration may revoke the covenants, conditions, restrictions, reservation of easements, or equitable servitudes in this Master Declaration as the same pertain to the real property originally covered by this Master Declaration. In a Notice of Addition under Section 17.1, Declarant shall have the right, if it determines in the exercise of its sole discretion that the Added Territory will not benefit from Improvements or services which are Common Expenses of the Master Association, to designate that such Common Expense items will not be shared by the Added Territory, provided that such designation is also identified in the current Master Association Budget accepted by the CalBRE for the Added Territory annexed, and provided that such designation does not result in an increase in Common Assessments in excess of the limit set in this Master Declaration.

17.5 CONTENT. Each Notice of Addition and/or Supplemental Master Declaration annexing real property to the Master Community shall contain at least the following provisions:

17.5.1 Master Declaration Reference. A reference to this Master Declaration, which reference shall state the date of Recordation hereof and the Instrument number or other relevant Recording data of the County Recorder's office.

17.5.2 Extension of Comprehensive Plan. A statement that the provisions of this Master Declaration shall apply to the Annexed Territory as set forth therein. The Master Association shall commence maintaining any Master Association Property in any Annexed Territory containing only Master Association Property upon its completion and conveyance to the Master Association.

17.5.3 Description. A description of the Annexed Territory, including any Master Association Property.

17.5.4 Land Classifications. The land classifications of the Annexed Territory, as required by Article XVI. The Supplemental Master Declaration may create new land classifications, areas of the Master Association Property reserved for the exclusive use of Owners, or areas of individually owned Lots or Condominiums to be maintained by the Master Association.

17.5.5 Special Benefit Areas. The Notice of Addition and/or Supplemental Master Declaration covering a Lot or Condominium subject to a Special Benefit Area Assessment Component shall: (a) identify the Special Benefit Area, if existing, or describe the Special Benefit Area if proposed; and (b) identify the Lots or Condominiums covered by the Supplemental Master Declaration which are entitled to use the facilities of the Special Benefit Area or which are obligated to bear the exclusive or disproportionate maintenance of such Special Benefit Area and which shall be obligated to pay the Special Benefit Area Assessment Component attributable to such Special Benefit Area.

17.6 POWER OF ATTORNEY. Each Owner of a Lot or Condominium in the Master Community, by accepting a deed to a Lot or Condominium, shall be deemed to have

(a) agreed and acknowledged that the Owners own no interest in the Annexable Territory which may be developed, if at all, by Declarant in its sole and absolute discretion and (b) constituted and irrevocably appointed Declarant, for so long as Declarant owns all or any portion of the Annexable Territory, as his Attorney-in-Fact, for himself and each of his Mortgagees, optionees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, and thereby to have conveyed a Power of Attorney coupled with an interest to Declarant as his Attorney in Fact to prepare, execute, acknowledge and Record any instrument for all or any portion of the Annexable Territory. However, nothing set forth herein shall be deemed or construed as an agreement by Declarant that any Owner shall be entitled to any participation in or discretion over the preparation and Recordation of an instrument for all or any portion of the Annexable Territory. The acceptance or creation of any Mortgage or other encumbrance, whether or not voluntary, created in good faith, or given for value, shall be deemed to be accepted or created subject to each of the terms and conditions of the Power of Attorney described in this Section.

17.7 DEANNEXATION AND AMENDMENT. In addition to the rights to amend or terminate a Notice of Addition and Supplemental Master Declaration granted elsewhere in this Master Declaration, or in a Notice of Addition or a Supplemental Master Declaration, Declarant (or Declarant and a Neighborhood Builder acting together if the Phase is owned by a Neighborhood Builder) may also amend a Notice of Addition or Supplemental Master Declaration for purposes other than those described in Section 15.3.7 above or delete all or a portion of a Phase from coverage of this Master Declaration and the Master Association's jurisdiction so long as Declarant or Neighborhood Builder is the owner of all of such Phase and provided that (a) an amending instrument or a Notice of Deletion of Territory, as applicable, is Recorded in the same manner as the applicable Notice of Addition or Supplemental Master Declaration was Recorded, (b) Declarant has not exercised any Master Association vote with respect to any portion of such Phase, (c) assessments have not yet commenced with respect to any portion of such Phase, (d) a Close of Escrow has not occurred for the sale of any Lot or Condominium in such Phase, and (e) the Master Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase. In addition, Declarant and Neighborhood Builders shall comply with the requirements of Section 20.1.1 of this Master Declaration, which may require the prior written consent of the County Planning Director before recording such amendments or a Notice of Deletion of Territory.

17.8 PROPERTY NOT SUBJECT TO ANNEXATION. Lots 21, 22, 23 and 24 of Tract No. 36643 are designated for preservation by conservation easement and shall not be subject to annexation to this Master Declaration or otherwise encumbered by this Master Declaration. To the extent that any Notice of Addition or Supplemental Master Declaration purports to annex said Lots 21, 22, 23, or 24 of Tract No. 36643, such annexation shall have no force or effect without the written consent of Declarant, the owner of such lots and the then current conservation easement holder.

ARTICLE XVIII
DECLARANT AND NEIGHBORHOOD BUILDER RIGHTS AND EXEMPTIONS

18.1 INTERESTS OF DECLARANT AND NEIGHBORHOOD BUILDER.

18.1.1 General Rights. Declarant has the right to (a) subdivide or resubdivide the Master Community, (b) complete or modify Improvements to and on the Master Association Property or any portion of the Master Community owned or leased solely or partially by Declarant, (c) alter Improvements and Declarant's construction plans and designs in the Master Community and the Annexable Territory, (d) modify Declarant's development plan for the Master Community and the Annexable Territory, including designating and redesignating Phases, reshaping the Lots or Condominiums and Master Association Property, and (subject to applicable governmental approvals) constructing Residences of larger or smaller sizes, densities, values, and of different types, and (e) construct such additional Improvements as Declarant considers advisable in the course of development of the Master Community so long as any Lot or Condominium in the Master Community or the Annexable Territory remains unsold.

18.1.2 Access Control to Accommodate Development. Declarant may temporarily erect barriers, close off and restrict access to portions of the Master Association Property as may be reasonably necessary to allow Declarant to exercise the rights reserved in this Article so long as no Owner or other resident is denied legal street access to the Lot or Condominium.

18.1.3 Right to Develop Master Community. Nothing in the Master Association Governing Documents shall be deemed to limit, and no Owner, nor the Master Association, nor any Neighborhood Association shall interfere with (a) the right of Declarant or any Neighborhood Builder (with the consent of Declarant) to subdivide, resubdivide, phase or rephase any portion of the Master Community, or (b) the right of Declarant and Neighborhood Builders, either directly or through their respective agents and representatives, to sell, resell, rent or re-rent any portion of the Master Community, or (c) the right of Declarant or a Neighborhood Builder to complete excavation, grading, construction of Improvements or other development activities on any portion of the Master Community or Annexable Territory owned by Declarant or a Neighborhood Builder, as applicable, or (d) to alter the foregoing and the construction plans and designs, or (e) to construct such additional Improvements as Declarant or a Neighborhood Builder deem advisable in the course of developing the Master Community so long as any Lot or Condominium in the Master Community or any portion of the Annexable Territory is owned by Declarant or a Neighborhood Builder. These rights include, but are not limited to, carrying on by Declarant, the Neighborhood Builders and their respective agents and representatives of such grading work as may be approved by the Local Governmental Agency having jurisdiction, and erecting, constructing and maintaining on the Master Community such structures, signs and displays reasonably necessary for the conduct of the business of completing the work and disposing of the Master Community and the Annexable Territory by sale, lease or otherwise.

18.1.4 Consent to View Impairment. Each Owner, by accepting a deed to a Lot or Condominium, acknowledges that any construction or installation by Declarant or a Neighborhood Builder may impair the view of such Owner, and each Owner consents to such impairment.

18.1.5 Inspection of Lots and Condominiums in Connection with Blasting Activities. Each Owner, by accepting a deed to a Lot or Condominium, acknowledges that Declarant shall have the right to (i) inspect all Lots and Condominiums (both inside the Residence and outside) that are located in the vicinity of the blast area and (ii) video tape, photograph or otherwise memorialize the condition of the Lots and Condominiums and Residence before and after blasting activities. Owners shall have the obligation to grant Declarant's representatives access to their Lot or Condominium and to the interior of the Residence in connection with such blasting activities.

18.1.6 Additional Easements and Licenses. This Master Declaration does not limit the right of Declarant or a Neighborhood Builder, at any time prior to acquisition of title to a Lot or Condominium by a purchaser from Declarant or a Neighborhood Builder, to establish on that Lot or Condominium additional licenses, easements, reservations and rights-of-way to itself, to utility companies or to others as reasonably necessary for the proper development and disposal of the Master Community and Annexable Territory.

18.2 SALES AND MARKETING RIGHTS.

18.2.1 Marketing and Sales Facilities. Declarant's rights under this Master Declaration include the right to install and maintain such structures, displays, signs, billboards, flags and sales offices, and the right to use any Lots or Condominiums, Residences or mobile Residences owned or leased by Declarant in the Master Community as model Residence complexes, real estate sales offices or leasing offices, all as may be reasonably necessary to conduct the business of completing construction and disposing of the Lots or Condominiums and the Annexable Territory by sale, resale, lease or otherwise. Prospective purchasers, sales agents, Declarant and Neighborhood Builders may use any and all portions of the Master Association Property for access to the sales and leasing facilities of Declarant and Neighborhood Builders. Declarant and Neighborhood Builders may use any structures or vehicles owned, respectively, by Declarant or Neighborhood Builders in the Master Community as model Residence complexes or real estate sales or leasing offices; provided that such uses within the Master Community shall terminate on the last Close of Escrow for the sale of a Lot or Condominium in the Master Community pursuant to a transaction requiring the issuance of a Public Report, at which time Declarant or Neighborhood Builders, as the case may be, shall restore their respective structures to their previous appearance.

18.2.2 Use of Master Association Property. Declarant reserves for its benefit, and for the benefit of its prospective purchasers of Lots or Condominiums who are entitled to the nonexclusive use of the Master Association Property owned in fee simple by the Master Association, without further cost for access, ingress, egress, use or enjoyment, the right to (a) show the Master Community to prospective purchasers, (b) dispose of the Master Community as provided in this Master Declaration, and (c) develop and sell the Annexable Territory. Declarant, its employees, agents and prospective purchasers are also entitled to the nonexclusive use of private streets, drives and walkways for ingress, egress and vehicle parking as necessary in connection with the marketing and sale of the Lots or Condominiums. Neither Declarant, nor its employees, agents nor prospective purchasers shall make any use of the Master Association Property that will unreasonably interfere with the use and enjoyment thereof by the Owners or their Families, tenants and invitees.

18.3 CREATING ADDITIONAL EASEMENTS. At any time before the Close of Escrow for a Lot or Condominium in the Master Community, Declarant reserves the right to establish on that Lot or Condominium additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as Declarant determines are reasonably necessary to the proper development and disposal of the Master Community and Annexable Territory.

18.4 ARCHITECTURAL REVIEW EXEMPTION. Declarant and any Person to whom Declarant may assign all or a portion of its exemption under this Master Declaration need not seek or obtain Design Review Committee approval of any Improvements constructed anywhere in the Master Community by Declarant or such person. Declarant may, in its sole discretion, exclude portions of the Master Community from jurisdiction of the Design Review Committee in the applicable Notice of Addition or Supplemental Master Declaration. Declarant, may, in its sole discretion, establish one or more additional design review bodies and design review criteria for any area exempted by Declarant from the jurisdiction of the Design Review Committee.

18.5 USE RESTRICTION EXEMPTION. Declarant and any Person to whom Declarant may by written assignment assign all or a portion of its exemptions under this Master Declaration is exempt from the restrictions established in Article II, and such restrictions as are established in a Supplemental Master Declaration, except as otherwise provided therein.

18.6 ASSIGNMENT OF RIGHTS. All or any portion of the rights of Declarant or a Neighborhood Builder, as applicable, hereunder and elsewhere in these Master Association Governing Documents may be assigned by Declarant or such Neighborhood Builder (with Declarant's consent), as applicable, to any successor in interest to any portion of Declarant's or Neighborhood Builder's interest in any portion of the Master Community or the Annexable Territory (including, without limitation, to any Neighborhood Builder) by an express written assignment which specifies the rights of Declarant or such Neighborhood Builder so assigned.

18.7 AMENDMENT. Notwithstanding any other provision of this Master Declaration, for so long as Declarant owns any portion of the Master Community or the Annexable Territory, Declarant's prior written approval is required before any amendment to this Article.

18.8 EXERCISE OF RIGHTS. Each Owner grants an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article.

18.9 PARTICIPATION IN MASTER ASSOCIATION.

18.9.1 Notice of Transfers. The Master Association shall provide Declarant with written notice of the transfer of any Lot or Condominium and all notices and other documents to which a Mortgagee is entitled pursuant to this Master Declaration, provided that Declarant shall not be required to make written request for such notices and other documents.

18.9.2 Observation of Open Meetings. In furtherance of Declarant's rights and the performance of the obligations of Declarant, the Master Association and Owners under

the Right to Repair Law, Declarant shall have the right to observe and speak at open meetings of the Board in accordance with this Section 18.9.2.

(a) **Attendance and Limited Participation.** Commencing on the date on which Declarant no longer has a representative on the Board, and continuing until the date of expiration of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Declarant by the Master Association under the Right to Repair Law (including any tolling periods):

(i) The Master Association shall provide Declarant with written notice of all meetings of the Board that is open for any Owner to attend (each, an “*Open Meeting*”);

(ii) Declarant shall be entitled to have its representatives attend all Open Meetings and speak (during the Owner comment period) on matters governed by the Right to Repair Law, including maintenance and repair of Master Common Property and the Lots and Condominiums and Improvements thereon; and

(iii) Declarant representatives shall be entitled to receive copies of the minutes, proposed minutes and summary minutes of all Open Meetings and meetings of members, upon request for, and reimbursement of, the actual costs to copy and mail such minutes.

(b) **Rights of Board.** Notwithstanding the foregoing, the Board shall have the unilateral right to exclude Declarant and its representatives from any Open Meeting or portion thereof, and to decline to provide Declarant or its representatives with minutes, proposed minutes or summary minutes if, in the good faith judgment of the Board, the presence of Declarant or its representatives at an Open Meeting, or delivery of minutes to Declarant or its representatives would not be in the best interest of the Master Association. Such determination may be made if:

(i) the presence of Declarant or its representatives at an Open Meeting or portion thereof would adversely affect the attorney-client privilege between the Master Association and its counsel; or

(ii) Declarant or its representatives would have access to confidential information received or developed by the Master Association or its consultants.

(c) **Further Limitations.** This Section creates no right in representatives of Declarant to attend executive sessions of the Board or to participate in deliberations by the Board. Declarant representatives shall attend any Open Meeting they are permitted to attend under this Section 18.9.2 in an observer capacity only, and they shall not have any right to vote on matters coming before the Board.

18.10 DECLARANT APPROVAL OF ACTIONS.

18.10.1 **General Rights.** The Initial Covered Property is a portion of a larger parcel of land which Declarant is developing into a master-planned community. Declarant, in

cooperation with the County, has created a comprehensive plan for the development of the Master Community which includes modern master-planning objectives which have been formulated for the common good and preservation of property values within the Master Community. Declarant and Neighborhood Builders intend to construct Residences and further improve all of the Lots or Condominiums in the Master Community. The completion of the work by Declarant and Neighborhood Builders, and the sale and resale of Lots or Condominiums in the Master Community, is essential to the establishment and welfare of the Master Community as a quality residential community. Each Owner of a Lot or Condominium which is part of the Master Community acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other instrument, that Declarant and Neighborhood Builders have substantial interests in assuring compliance with, and enforcement of, the covenants, conditions, restrictions and reservations contained in this Master Declaration and any amendments thereto and any Notices of Addition and Supplemental Master Declarations Recorded pursuant to this Master Declaration.

18.10.2 Limits on Actions. Except as otherwise provided in Sections 15.3.2, 15.3.7 and 15.3.8, until Declarant no longer owns any Lots or Condominiums in the Master Community or the Annexable Territory, the following actions, before being undertaken by the Master Association, must first be approved in writing by Declarant:

(a) Any amendment to the Master Association Governing Documents or action requiring the approval of First Mortgagees;

(b) Any amendment to the Master Association Governing Documents which would impair or diminish Declarant's right to complete the Master Community or the Annexable Territory or sell or lease dwelling units therein;

(c) The annexation to the Master Community of real property other than the Annexable Territory pursuant to Section 17.2;

(d) The levy of a Capital Improvement Assessment for the construction of new facilities not constructed on the Master Association Property by Declarant;

(e) Subject to those provisions of Article VIII regarding limitations on yearly Common Assessment increases, any significant reduction of Master Common Property maintenance or other services, or entering into contracts for maintenance or other goods and services benefiting the Master Association or the Master Common Property at contract rates which are fifteen percent (15%) or more below the reasonable cost for such maintenance, goods or services as determined pursuant to the maintenance provisions contained in this Master Declaration; or

(f) The amendment, supplementation or termination of the Maintenance Guidelines, Design Guidelines or Rules and Regulations.

18.11 MARKETING NAME. The Master Community shall be marketed under the general name "*Terramor*." Declarant may change the marketing name of the Master Community at any time in Declarant's sole discretion. Declarant or the applicable Neighborhood Builder may designate a different marketing name for any Phase at any time, in their sole

discretion. The Neighborhood Builder shall notify the CalBRE of any change in or addition to the marketing name or names of the Master Community or any Phase.

ARTICLE XIX AGE-RESTRICTED SPECIAL BENEFIT AREA

19.1 DEFINITIONS.

19.1.1 Permitted Health Care Resident. Permitted Health Care Resident means either a natural person hired to provide live-in, long-term, or terminal health care to a Qualifying Resident or a family member of a Qualifying Resident providing that care. A Permitted Health Care Resident must provide (a) care that is substantial in nature; and (b) either assistance with necessary daily activities, or medical treatment, or both.

19.1.2 Qualified Permanent Resident. Qualified Permanent Resident means a natural person who meets both of the following requirements: (a) was residing with the Qualifying Resident prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Qualifying Resident; and (b) was forty-five (45) years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the Qualifying Resident. "Cohabitant" means persons who live together as husband and wife, or persons who are domestic partners within the meaning of California Family Code Section 297. Qualified Permanent Resident also means a disabled person or person with a disabling illness or injury who is a child or grandchild of the Qualifying Resident or a Qualified Permanent Resident, who needs to live with the Qualifying Resident or Qualified Permanent Resident because of the disabling condition, illness or injury. "Disabled" and "disabling injury or illness" have the meanings set forth in California Civil Code Section 54(b).

19.1.3 Qualifying Resident. Qualifying Resident means a natural person who is fifty-five (55) years of age or older.

19.2 OCCUPANCY AND USE RESTRICTIONS. Each Residence in an Age-Restricted Special Benefit Area shall be occupied subject to the restrictions in the Master Association Governing Documents and all of the following:

19.2.1 Occupancy Restrictions for the Individual Residences and for the Entire Age-Restricted Special Benefit Area. For each individual Residence in an Age-Restricted Special Benefit Area, persons commencing occupancy must include at least one (1) Qualifying Resident who intends to use the Residence as his or her primary residence on a permanent basis. For the entire Age-Restricted Special Benefit Area, subject to Section 19.2.2 below, at least eighty percent (80%) of the occupied Residences in the Age-Restricted Neighborhood must be occupied by one (1) or more Qualifying Residents. The only other persons allowed to occupy a Residence must be a Qualifying Resident, a Qualified Permanent Resident or a Permitted Health Care Resident, as defined in this Master Declaration, the Rules and Regulations and applicable law and regulations. For purposes of remaining in compliance with state and federal law permitting age-restricted senior housing, "permanent occupancy" shall mean that a Qualifying Resident considers the Residence to be his or her legal residence and the Qualifying Resident actually resides in the Residence for at least six (6) months during every

calendar year. Furthermore, except as allowed under this Section 19.2.3 below, a Permitted Health Care Resident may occupy a Residence only while actually providing live-in, long-term, or hospice health care to a Qualifying Resident for compensation. For purposes hereof, "for compensation" shall include provision of lodging and food in exchange for care. The Board may adopt Rules and Regulations that establish additional occupancy requirements to comply with applicable law and regulations.

19.2.2 Continued Occupancy by Qualified Permanent Residents after Death or Prolonged Absence of Qualifying Resident. Upon the death, dissolution of marriage, or upon hospitalization or other prolonged absence of the Qualifying Resident, any Qualified Permanent Resident who is not yet fifty-five (55) years of age, but who was residing with such Qualifying Resident at the time of the death or dissolution, or on the date of commencement of hospitalization or prolonged absence of the Qualifying Resident, shall be entitled to continue to occupy the Residence in accordance with applicable law and the Rules and Regulations.

19.2.3 Continued Occupancy by Permitted Health Care Residents after Death or Prolonged Absence of Qualifying Resident. A Permitted Healthcare Resident shall be entitled to continue his or her occupancy as a permitted resident in the absence of the Qualifying Resident only if both of the following are applicable:

(a) The Qualifying Resident became absent from the Residence due to hospitalization or other necessary medical treatment and expects to return to his or her Residence within ninety (90) days from the date the absence began; and

(b) The absent Qualifying Resident or an authorized person acting for the Qualifying Resident submits a written request to the Board of Directors stating that the Qualifying Resident desires that the Permitted Healthcare Resident be allowed to remain in order to be present when the Qualifying Resident returns to reside in the Age-Restricted Neighborhood. Upon written request by the Qualifying Resident or an authorized person acting for the Qualifying Resident, the Board of Directors shall have the discretion to allow a Permitted Healthcare Resident to remain for a time period longer than ninety (90) days from the date that the Qualifying Resident's absence began, if it appears that the Qualifying Resident will return within a period of time not to exceed an additional ninety (90) days.

19.2.4 Disabled Persons. A disabled person whose disability condition meets the criteria for occupancy as a Qualified Permanent Resident may also occupy the Residence, unless the Board determines that there are special circumstances to disallow such person as a Qualified Permanent Resident. Special circumstances mean a condition where such person is or may be harmful to himself or herself or others.

(a) For any person who is a Qualified Permanent Resident whose disabling condition ends, the Board of Directors may require the formerly disabled resident to cease residing in the Residence upon receipt of six months' written notice; provided, however, that the Board of Directors may allow the person to remain a resident for up to one year after the disabling condition ends.

(b) The Board of Directors may take action to prohibit or terminate occupancy by a person who is a Qualified Permanent Resident by virtue of a disability if the Board of Directors finds, based on credible and objective evidence, that the person is likely to pose a significant threat to the health or safety of others that cannot be ameliorated by means of a reasonable accommodation; provided, however, that action to prohibit or terminate the occupancy may be taken only after doing both of the following:

(i) Providing reasonable notice to and an opportunity to be heard for the disabled person whose occupancy is being challenged, and reasonable notice to the co-resident parent or grandparent of that person.

(ii) Giving due consideration to the relevant, credible, and objective information provided in hearing. The evidence shall be taken and held in a confidential manner, pursuant to a closed session, by the Board of Directors in order to preserve the privacy of the affected persons. The affected persons shall be entitled to have present at the hearing an attorney or any other person authorized by them to speak on their behalf or to assist them in the matter.

19.2.5 **Resale or Lease.** When each individual Residence is sold or leased, the persons commencing occupancy must include at least one (1) Qualifying Resident who intends to use the Residence as his or her primary residence on a permanent basis. Each lease or rental agreement and each purchase agreement for resale of a Residence in the Age-Qualified Neighborhood shall contain a statement above the signature line for lessee or purchaser (as applicable) certifying that the occupants intent to comply with the age and occupancy restrictions imposed by this Master Declaration, the Rules and Regulations and applicable law. Within sixty (60) days after entering into a lease of a Residence, the Owner must provide to the Master Association a copy of the lease, including the certification.

19.2.6 **Permanent Occupancy is Restricted.** Persons less than fifty-five (55) years of age who do not qualify as Qualified Permanent Residents or Permitted Health Care Residents shall not be entitled to occupy, visit or reside in any Residence for more than sixty (60) calendar days (whether consecutive or non-consecutive) in any calendar year.

19.3 COMPLIANCE WITH REPORTING REQUIREMENTS.

19.3.1 **Obligations of the Owner.** By accepting and recording a deed to a Lot or Condominium in an Age-Restricted Neighborhood, each Owner covenants and agrees as follows:

(a) To fully and truthfully respond to all requests by the Master Association for age and occupancy information concerning each occupant of the Owner's Residence, and to cause all occupants of the Owner's Residence to cooperate by providing such information. Owners understand and acknowledge that age and occupancy information shall be requested by the Master Association as part of its obligation to conduct regular age and occupancy surveys of the Age-Restricted Neighborhood;

(b) To cooperate and to cause all residents of the Owner's Residence to cooperate in the Master Association's age and occupancy surveys. Each Owner

understands, acknowledges and agrees that such surveys are required to maintain the Age-Restricted Neighborhood's eligibility to continue operating as an age- and occupancy-restricted project under senior housing exemptions available under state and federal law;

(c) In the event of the change of occupancy of any Residence in the Age-Restricted Neighborhood, the Owner of the Residence shall immediately inform the Board in writing and shall provide to the Board the names and ages of all current occupants of the Residence, and such other information as the Board reasonably requests to verify the ages and qualifications of all occupants;

(d) To ensure that all occupants of the Owner's Residence comply at all times with all provisions of this Master Declaration, the Master Association Governing Documents and any rules and regulations of the Master Association, including restrictions on age and other qualifications of permanent occupants and limiting the duration of visits by temporary occupants or those who do not meet the age and occupancy restrictions; and

(e) To indemnify, defend and hold harmless the Master Association and Declarant from any and all claims, losses, damages and causes of action which may arise from such Owner's failure to so comply.

19.3.2 Obligations of the Residents. Each resident shall:

(a) Fully and truthfully respond to all requests by the Master Association for the resident's age and occupancy information, which information, in the judgment of the Board, is reasonably necessary to ensure that the Age-Restricted Neighborhood complies with applicable state and federal laws governing age-restricted senior housing; and

(b) Comply with the Master Association Governing Documents, including restrictions on age and other qualifications of permanent occupants and limiting the duration of visits by temporary occupants or those who do not meet the age and occupancy restrictions.

19.4 ENFORCEMENT OF AGE RESTRICTION. If a violation of this Article XIX occurs, then in addition to other remedies authorized by this Master Declaration, the Master Association may take legal action to remove the violating Person from the Age-Restricted Special Benefit Area Residence.

19.5 ADDITIONAL DUTIES OF THE MASTER ASSOCIATION. The Master Association shall ensure that the Neighborhoods in the Age-Restricted Special Benefit Area comply with this Article, the age and occupancy restrictions in the Rules and Regulations, and applicable state and federal laws governing age-restricted senior housing. The Master Association shall develop policies and procedures for ensuring compliance with the age restrictions and shall routinely perform all of the following:

19.5.1 Occupancy Surveys. The Master Association shall conduct regular age and occupancy surveys of the Age-Restricted Special Benefit Area in order to determine the numbers and ages of all persons occupying Residence in the Age-Restricted Special Benefit Area. The information gathered in the survey shall be based on birth certificates, affidavits, prior

surveys or other proof of age deemed reliable by the Board, and which in the judgment of the Board, is reasonably necessary to ensure that the Age-Restricted Special Benefit Area complies with applicable state and federal laws governing age-restricted senior housing. The Master Association shall also collect age and occupancy information at the time of the sale or lease of each Lot or Condominium in the Age-Restricted Special Benefit Area, and the Master Association shall update all occupancy survey information no less frequently than once every two (2) years. The Master Association shall have the power to carry out its duties under this Article by any legal means available, as the Board deems appropriate.

19.5.2 **Summary of Survey.** The Master Association shall keep in its records a written overall summary of the latest occupancy survey and make the summary available for inspection upon reasonable notice and request by any Person, including members of the public. Individual surveys, supporting documentation, and affidavits shall be kept in a separate file with limited access, created for the sole purpose of complying with state and federal laws governing age-restricted senior housing, and not in general files. The segregated documents shall be considered confidential but shall be made available for review by federal, state and County agencies investigating compliance with law.

19.5.3 **Policies and Signage.** The Master Association shall develop additional policies, rules and regulations to comply with the requirements of federal and state law applicable to senior housing. The Board shall post in the Age-Restricted Special Benefit Area signs identifying the Age-Restricted Special Benefit Area as housing for persons fifty-five (55) years of age or older. The Master Association shall periodically distribute its policies, rules and regulations to the Owners of Residences in the Age-Restricted Special Benefit Area and make copies available in response to reasonable requests.

19.6 **APPLICABLE LAW.** This Article is intended to be a restatement of the authority granted the Master Association under applicable law. All amendments, restatements and interpretations of law governing "senior citizen housing developments," and "housing for older persons," as these terms are defined under state and federal law, are deemed to amend, restate and interpret this Article.

19.7 **SPECIAL BENEFIT AREA DESIGNATION; SPECIAL BENEFIT AREA EXPENSES.** Supplemental Master Declarations will designate Lots and Condominiums in different Age-Restricted Neighborhoods as part of the Age-Restricted Special Benefit Area. The Owners of Lots and Condominiums in these Age-Restricted Neighborhoods shall share the costs incurred by the Master Association in connection with its obligations to enforce the age restriction in this Article; provide staffing for the age qualified recreation areas and maintain any areas to be used solely by Owners in the Age-Restricted Neighborhoods (if any) ("**SBA Expenses**"), all of which will be designated as part of the Age-Restricted Special Benefit Area in Supplemental Master Declarations. The SBA Expenses shall be allocated equally among the Owners of Lots and Condominiums in the Age-Restricted Special Benefit Area based on the number of Lots and Condominiums in the Age-Restricted Special Benefit Area that are owned and subject to assessment, unless a different allocation is specified in a Supplemental Master Declaration.

19.8 IMPACT OF CHANGES IN APPLICABLE LAW AND REGULATION.

The age and occupancy restrictions set forth in this Article are intended to comply to the fullest extent with applicable law and regulation, and each Owner and the Master Association must ensure that all occupants of the Residences in the Age-Restricted Special Benefit Area fully comply with all restrictions in this Article at all times. However, over time, there is no guarantee that the age and occupancy restrictions in this Article will remain in effect as presently written. The age and occupancy restrictions may change as a result of state or federal legislative or court action, or they may be terminated by action of a state or federal agency or court if the Master Association fails to provide proper enforcement of the restrictions. Therefore Declarant and the Neighborhood Builders make no assurances that applicable law or regulations, or the age and occupancy restrictions set forth in this Article, will remain unchanged throughout the life of the Master Community.

**ARTICLE XX
COUNTY REQUIRED PROVISIONS**

20.1 COUNTY OF RIVERSIDE REQUIRED CC&R PROVISIONS. The County has required the following provisions to be included in this Master Declaration:

20.1.1 Mandatory Provisions. Notwithstanding any provision in this Master Declaration to the contrary, the following provisions shall apply:

(a) The Master Association established herein shall own, manage and continuously maintain the Master Association Property, more particularly described on *Exhibit "MAP,"* attached to this Master Declaration or any Supplemental Master Declaration, and shall not sell or transfer the Master Association Property or any part thereof, absent the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest.

(b) The Master Association shall have the right to assess the Owners of each individual Lot or Condominium for the reasonable cost of maintaining such Master Association Property and shall have the right to lien the property of any such Owner who defaults in the payment of a maintenance assessment. An assessment lien, once created, shall be prior to all other liens recorded subsequent to the Notice of Delinquent Assessment or other document creating the assessment lien.

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

(d) In the event of any conflict between this Master Declaration and the Articles of Incorporation, the Bylaws, or the Master Association Rules and Regulations, if any, this Master Declaration shall control.

20.1.2 Mandatory CFD Provisions. Notwithstanding any provision in this Master Declaration to the contrary, the following provisions shall apply:

(a) The Master Association shall, at the request of CFD No. 4 or the County of Riverside, unconditionally accept from that entity, upon that entity's demand, title to all or any part of the "common area," including any improvements thereon or therein, more particularly described on *Exhibit "MAP."* The "common area" described in this paragraph refers to the property or improvements that are intended to be maintained by CFD No. 4. The decision to require the Master Association to unconditionally accept title to the "common area" shall be at the sole discretion of CFD No. 4 or the County of Riverside, as applicable.

In the event that the "common area," or any portion thereof, is conveyed to the Master Association, the Master Association, thereafter, shall own such area and shall manage and continuously maintain the "common area," and shall not sell or transfer the "common area," or any part thereof, absent the prior written consent of the Planning Department of the County of Riverside or the County's successor-in-interest. The Master Association shall have the right to assess the owners of each individual lot or unit for the reasonable cost of maintaining such "common area," and shall have the right to lien the property of any such owner who defaults in the payment of a maintenance assessment. An assessment lien, once created, shall be prior to all other liens recorded subsequent to the notice of assessment or other document creating the assessment lien.

(b) The Master Association shall have the right to assess the Owners of each individual Lot or Condominium for the reasonable cost of maintaining such Master Association Property and shall have the right to lien the property of any such Owner who defaults in the payment of a maintenance assessment. An assessment lien, once created, shall be prior to all other liens recorded subsequent to the Notice of Delinquent Assessment or other document creating the assessment lien.

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

(d) In the event of any conflict between this Master Declaration and the Articles of Incorporation, the Bylaws, or the Master Association Rules and Regulations, if any, this Master Declaration shall control.

20.2 TIMING FOR MASTER ASSOCIATION MAINTENANCE OBLIGATIONS. The Master Association's obligations described in Section 20.1.1(a) shall commence in accordance with the timing established in Section 9.2 of this Master Declaration and in accordance with the Budget accepted by the CalBRE. The Master Association Property and Master Maintenance Areas shown on *Exhibit "MAP"* and *Exhibit "MMA"* to this Master Declaration that are not part of the Initial Covered Property are shown at the request of the County and are not intended to require maintenance of such areas by the Master Association until such areas are annexed to this Master Declaration and the Master Association's maintenance obligations have commenced pursuant to Section 9.2 of this Master Declaration. Any Master Association Property or Master Maintenance Areas that are improved shall be maintained by the Declarant or the Neighborhood Builder, as applicable, until the maintenance

obligations are transferred to the Master Association in accordance with Section 9.2 of this Master Declaration.

[SIGNATURES ON FOLLOWING PAGES]

**[SIGNATURE PAGE TO MASTER DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATION OF EASEMENTS FOR TERRAMOR]**

This Master Declaration is dated for identification purposes December 1, 2016.

FORESTAR TOSCANA DEVELOPMENT COMPANY,
a Delaware corporation

By: 

Name: Stephen C. Cameron

Title: President

By: _____

Name: Brian Woods

Title: Senior Vice President of Land Development

"Declarant"

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

STATE OF CALIFORNIA

COUNTY OF Orange


On December 2nd, 2016, before me, Sakura Davenport, Notary Public
(here insert name and title of the officer)

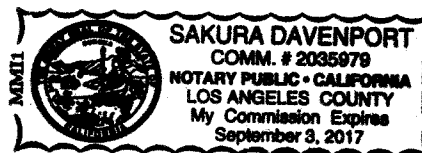
personally appeared Stephen C. Cameron

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.

 (Seal)
Signature



***[SIGNATURE PAGE TO MASTER DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATION OF EASEMENTS FOR TERRAMOR]***

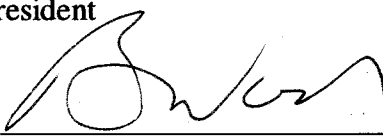
This Master Declaration is dated for identification purposes December 1, 2016.

FORESTAR TOSCANA DEVELOPMENT COMPANY,
a Delaware corporation

By: _____

Name: Steven C. Cameron

Title: President

By:  _____

Name: Brian Woods

Title: Senior Vice President of Land Development

“Declarant”

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

STATE OF CALIFORNIA

COUNTY OF Orange


On December 1st, 2016, before me, Sakura Davenport Notary Public
(here insert name and title of the officer)

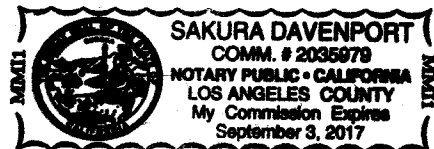
personally appeared Brian Woods

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.

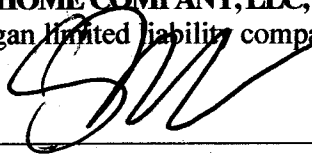
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

 (Seal)
Signature



PULTE HOME COMPANY, LLC,
a Michigan limited liability company

By:  _____

Name: Leeanne K. Brock

Title: Community Development Manager

“First Neighborhood Builder”

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 _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature (Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

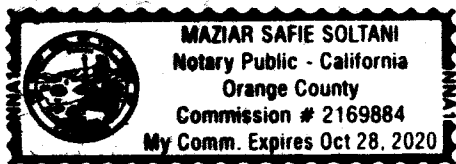
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)
On 1/19/17 before me, Maziar Safie Soltani, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Leanne Brock
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: CR&R - Terramor Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

MAJIB SAIB SO LAMI
Notary Public - Barbados
Orinda County
Commission # 218884
My Comm Expires Oct 18, 2018



MAJIB SAIB SO LAMI

EXHIBIT "CP"

DESCRIPTION OF INITIAL COVERED PROPERTY

EXHIBIT "CP"

IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA:

**LOTS 13 THROUGH 21, INCLUSIVE AND LOTS 41 THROUGH 49, INCLUSIVE OF TRACT NO. 36593-4 PER
MAP FILED IN BOOK _____, PAGES _____ THROUGH _____, INCLUSIVE OF MAPS, RECORDS OF
SAID RIVERSIDE COUNTY.**

EXHIBIT "MAT"

IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA:

TRACT NO. 36593-2 PER MAP FILED IN BOOK _____, PAGES _____ THROUGH _____,
INCLUSIVE OF MAPS,

TOGETHER WITH TRACT NO. 36593-3 PER MAP FILED IN BOOK _____, PAGES _____ THROUGH
_____, INCLUSIVE OF MAPS,

TOGETHER WITH TRACT NO. 36593-4 PER MAP FILED IN BOOK _____, PAGES _____ THROUGH
_____, INCLUSIVE OF MAPS, EXCEPTING THEREFROM LOTS 13 THROUGH 21, INCLUSIVE AND LOTS 41
THROUGH 49, INCLUSIVE OF SAID TRACT NO. 36593-4, ALL RECORDS OF SAID RIVERSIDE COUNTY,

TOGETHER WITH TRACT NO. 36593-1, TO BE FILED FOR RECORD IN THE OFFICE OF THE RIVERSIDE
COUNTY RECORDER, CONSISTING OF LOT 1 OF TRACT NO. 36643, FILED JUNE 30, 2016, IN BOOK 451
PAGE 29 TO 63 OF MAPS, IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER,

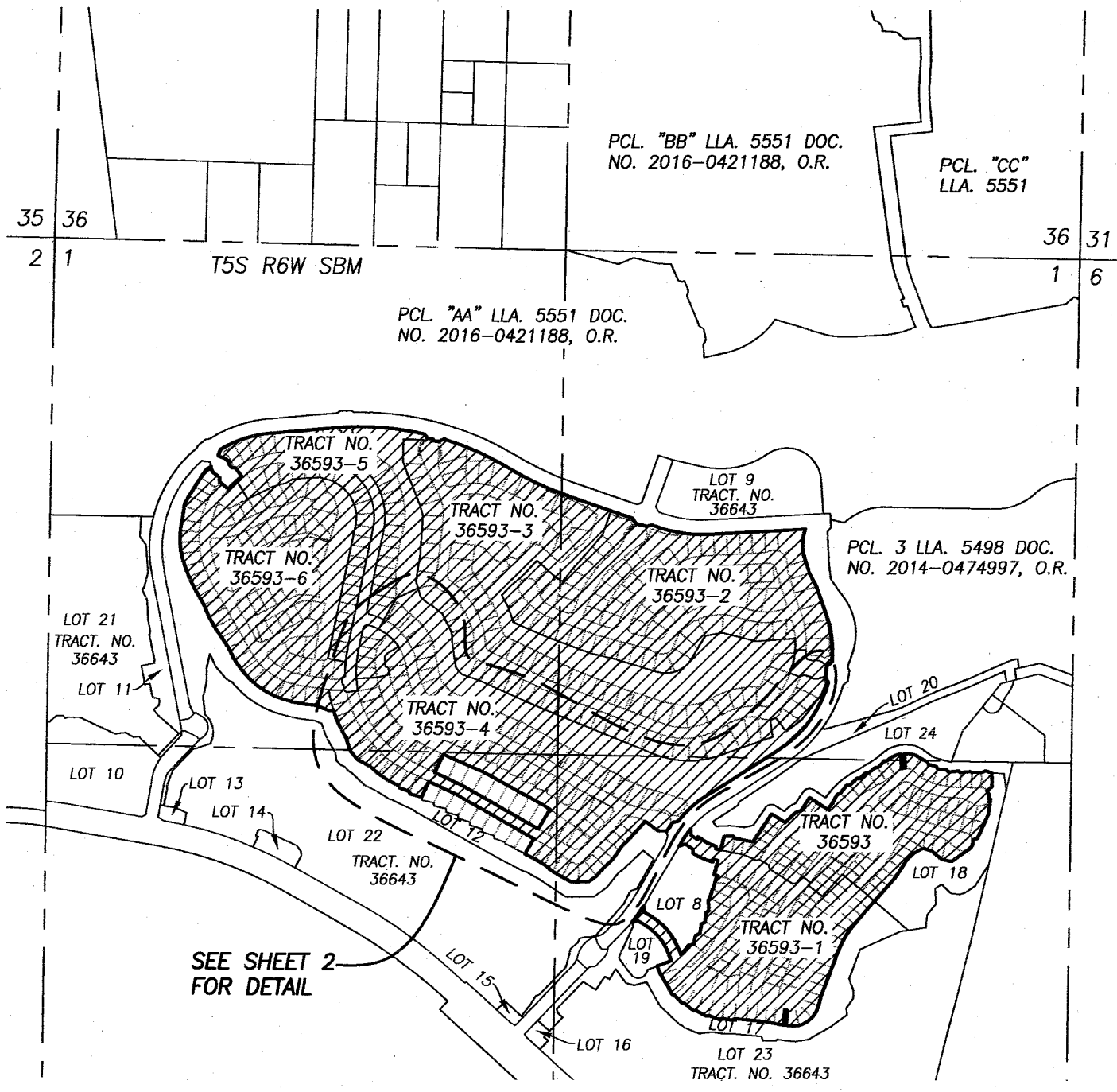
TOGETHER WITH TRACT NO. 36593-5, TO BE FILED FOR RECORD IN THE OFFICE OF THE RIVERSIDE
COUNTY RECORDER, CONSISTING OF LOT 5 OF TRACT NO. 36643, FILED JUNE 30, 2016, IN BOOK 451
PAGE 29 TO 63 OF MAPS, IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER,

TOGETHER WITH TRACT NO. 36593-6, TO BE FILED FOR RECORD IN THE OFFICE OF THE RIVERSIDE
COUNTY RECORDER, CONSISTING OF LOT 6 OF TRACT NO. 36643, FILED JUNE 30, 2016, IN BOOK 451
PAGE 29 TO 63 OF MAPS, IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER,

TOGETHER WITH TRACT NO. 36593, TO BE FILED FOR RECORD IN THE OFFICE OF THE RIVERSIDE COUNTY
RECORDER, CONSISTING OF LOT 7 OF TRACT NO. 36643, FILED JUNE 30, 2016, IN BOOK 451 PAGE 29 TO
63 OF MAPS, IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER.

CC&R EXHIBIT "MAT"

SHEET 2 OF 3



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

LEGEND


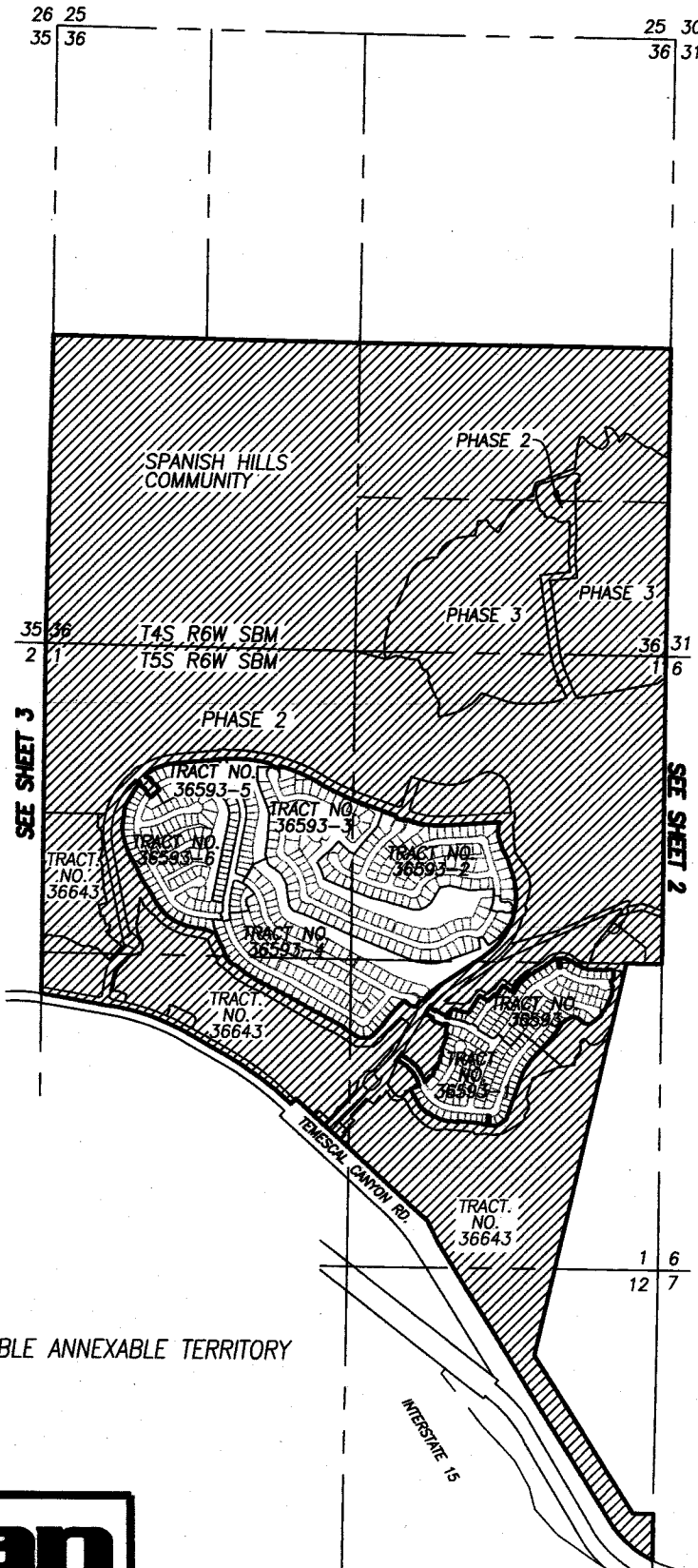
 MANDATORY ANNEXABLE TERRITORY

EXHIBIT "PAT"

DESCRIPTION OF PERMISSIBLE ANNEXABLE TERRITORY

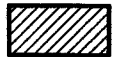
CC&R EXHIBIT "PAT"

SHEET 1 OF 3



1" = 1500'

LEGEND



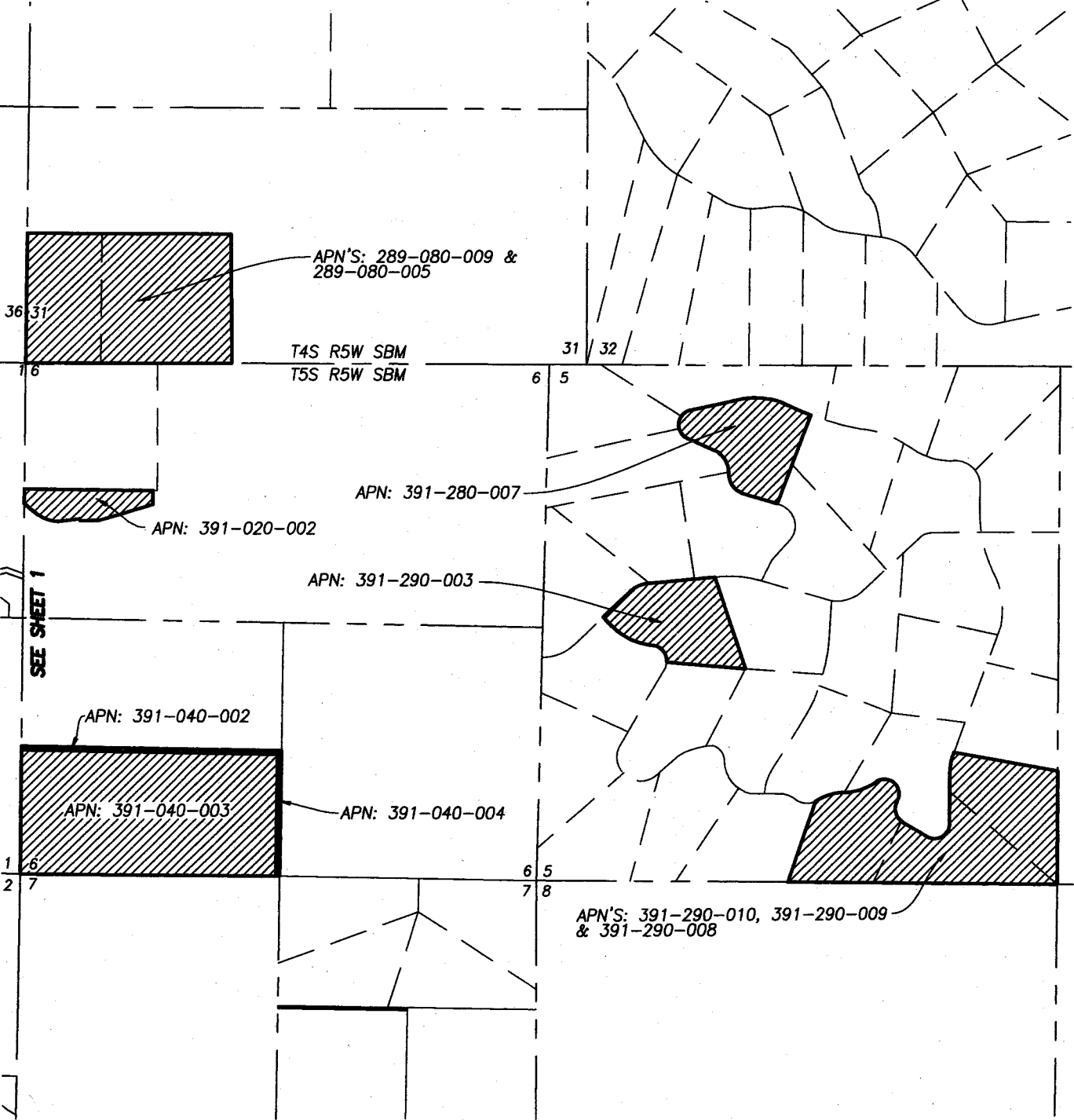
PERMISSIBLE ANNEXABLE TERRITORY

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Civil Engineering • Surveying • Planning

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Tel:(951) 688-0241 • Fax:(951) 688-0599



1" = 1500'

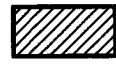
PLAT PREPARED BY:

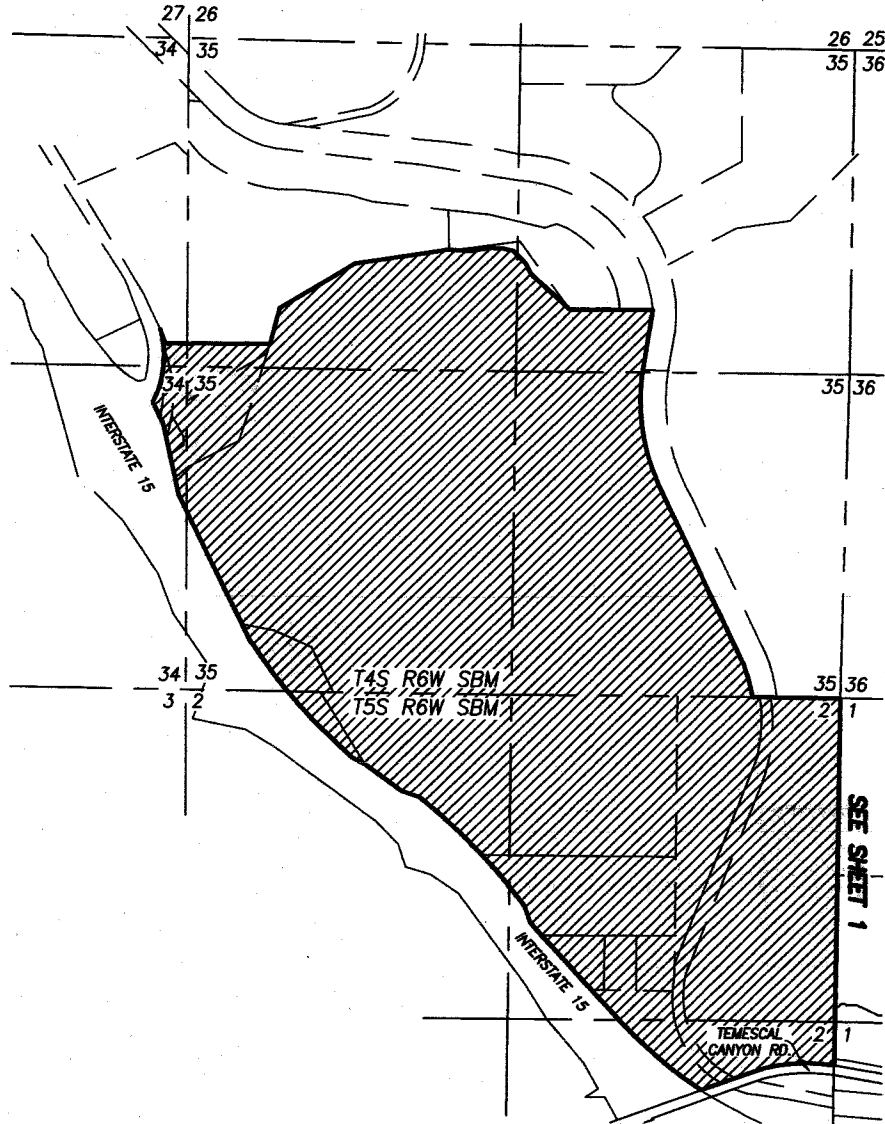
adkan
ENGINEERS

CM Engineering • Surveying • Planning

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Tel:(951) 688-0241 • Fax:(951) 688-0599

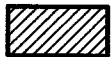
LEGEND

 PERMISSIBLE ANNEXABLE TERRITORY



1" = 1500'

LEGEND



PERMISSIBLE ANNEXABLE TERRITORY

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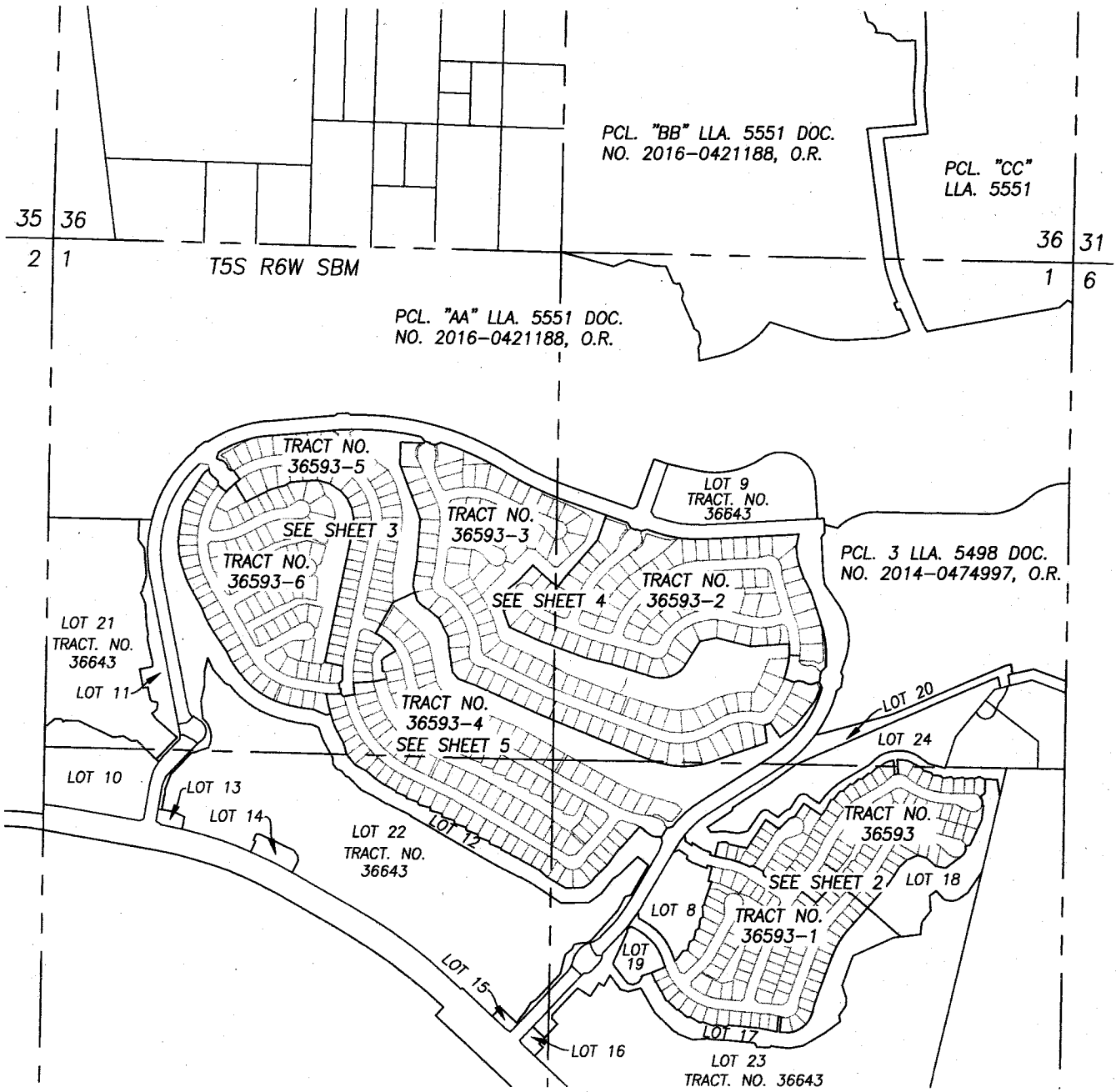
6879 Airport Drive, Riverside, CA 92504
Tel: (951) 688-0241 • Fax: (951) 688-0599

EXHIBIT "CW"

**APPROXIMATE LOCATIONS OF COMMUNITY WALLS IN THE COMMUNITY
(MANDATORY ANNEXABLE TERRITORY)**

CC&R EXHIBIT "CW"

SHEET 1 OF 5



LEGEND

----- WALL MAINTAINED BY MASTER ASSOCIATION



1" = 800'

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CC&R EXHIBIT "CW"

TRACT NO.
36593-3
SEE SHEET 4

PCL. 3 LLA. 5498 DOC.
NO. 2014-0474997, O.R.

LOT 20

LOT 24
TRACT. NO. 36643

TRACT NO.
36593-4
SEE SHEET 5

TERRAMOR DRIVE

TRACT NO. 36593

LOT 12

LOT 22

LOT 8
TRACT. NO.
36643

LOT 18
TRACT. NO. 36643

LOT 19

TRACT NO. 36593-1

LOT 17

LOT 23
TRACT. NO. 36643



1" = 300'

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adkan ENGINEERS

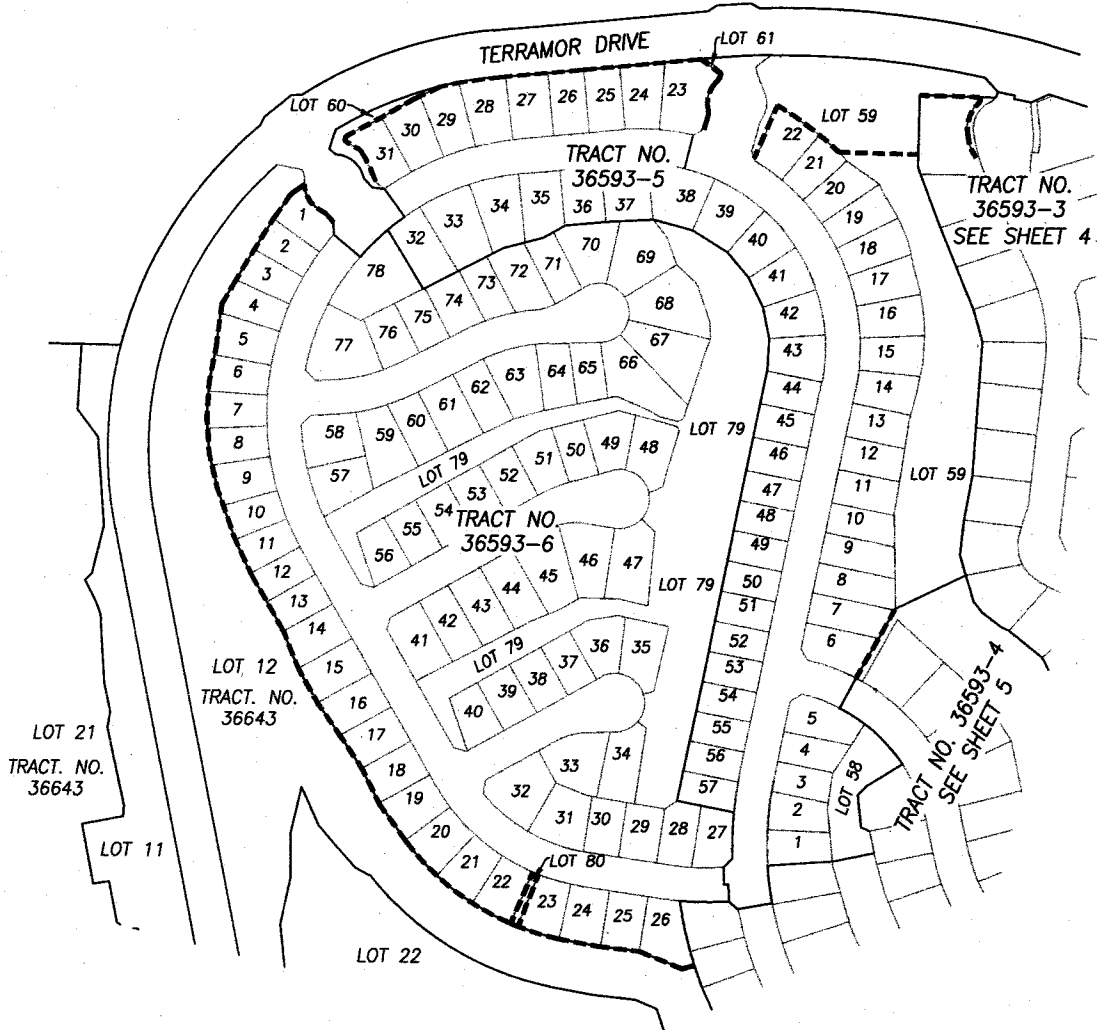
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LEGEND

----- WALL MAINTAINED BY MASTER ASSOCIATION

CC&R EXHIBIT "CW"

PCL. "AA" LLA. 5551 DOC.
NO. 2016-0421188, O.R.



1" = 300'

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LEGEND

----- WALL MAINTAINED BY MASTER ASSOCIATION

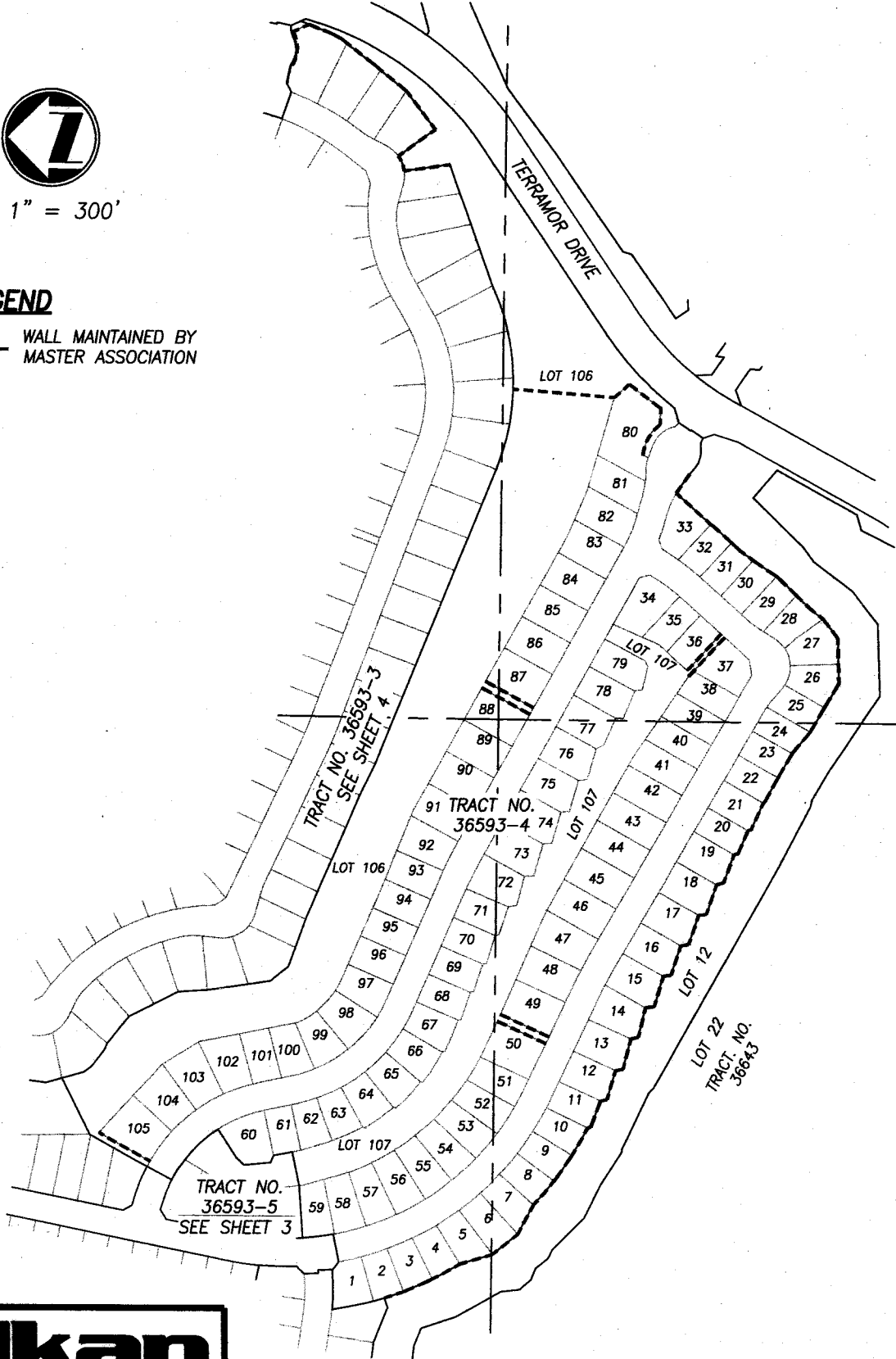
CC&R EXHIBIT "CW"



1" = 300'

LEGEND

--- WALL MAINTAINED BY MASTER ASSOCIATION



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Tel:(951) 688-0241 Fax:(951) 688-0599