

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



ITEM: 2.12
(ID # 19326)

MEETING DATE:

Tuesday, June 14, 2022

FROM : TLMA-TRANSPORTATION:

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY/TRANSPORTATION:
Approval of Final Tract Map 37153 a Schedule "A" Subdivision in the Glen Ivy Hot Springs area.
District 1. [Applicant Fees 100%]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Improvement Agreements for Final Tract Map 37153 as approved by County Counsel;
2. Approve the Final Map; and
3. Authorize the Chair of the Board to sign the Improvement Agreements and Final Tract Map 37153.

ACTION:Consent


Ronak Patel, Deputy County Counsel 6/8/2022

MINUTES OF THE BOARD OF SUPERVISORS

motion of Supervisor Spiegel, seconded by Supervisor Washington and duly carried, IT
WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, and Washington
Nays: None
Absent: Perez and Hewitt
Date: June 14 , 2022
xc: Transportation

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|---|-----------------------------|--------------------------|---------------------------|---------------------|
| COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| NET COUNTY COST | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| SOURCE OF FUNDS: Applicant Fees 100% | | | Budget Adjustment: | N/A |
| | | | For Fiscal Year: | N/A |

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Final Tract Map 37153 was approved by the Board of Supervisors on June 5, 2018, as Agenda Item 18.1. Final Map 37153 is a 14.82-acre subdivision that is creating 3 lots for condominium purposes and 5 open space lots in the Glen Ivy Hot Springs area. This Final Map complies in all respects with the provisions of the Subdivision Map Act and applicable local ordinances. All necessary conditions of approval have been satisfied and departmental clearances have been obtained to allow for the recordation of the final map. The Transportation Department recommends approval of this final tract map.

Taylor Morrison of California, LLC, desires to enter into Improvement Agreements to guarantee the construction of the required improvements and has submitted Improvement Agreements which have been approved by County Counsel. All costs for improvements will be the responsibility of the developer. The securities posted by United States Fire Insurance Company are as follows:

TR 37153 \$2,517,000 for the completion of road and drainage improvements.

TR 37153 \$269,000 for the completion of the water system.

TR 37153 \$193,000 for the completion of the sewer system.

TR 37153 \$45,000 for the completion of the survey monumentation.

Additional Fiscal Information:

All fees paid by the applicant. There is no general fund obligation.

ATTACHMENTS:

TR 37153 Vicinity Map

TR 37153 Improvement Agreements

TR 37153 Mylars


Jason Farin, Principal Management Analyst 6/8/2022

**AGREEMENT
FOR THE PLACEMENT OF SURVEY MONUMENTS**

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

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 37153**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to set, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all survey monuments and tie points and to furnish to the County Surveyor tie notes for said tract in accordance with the standards set forth in Riverside County Ordinance No. 461 and Section 8771 et seq. of the Business and Professions Code of the State of California. Contractor further agrees to pay, within 30 days of presentation to contractor of the final billing of any surveyor or engineer for work performed by him as provided for in Article 9 of Chapter 4, Division 2 of Title 7 of the Government Code of the State of California (commencing with Section 66495). Contractor further agrees that if payment to the surveyor or engineer is not made within 30 days, the surveyor or engineer notifies County that he has not been paid for setting the final monuments, and the Board of Supervisors, pursuant to Section 66497 of the Government Code, after providing Contractor with an opportunity to present evidence as to whether or not the surveyor or engineer has been paid, orders that payment be made by County to the engineer or surveyor, Contractor will, upon demand, and without proof of loss by County, reimburse County for any funds so expended. Notwithstanding any other provisions herein, the determination of County as to whether the surveyor or engineer has been paid shall be conclusive on Contractor, its surety, and all parties who may have an interest in the agreement or any portion thereof.

All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Surveyor, and shall not be deemed complete until approved and accepted as complete by the County. The estimated cost of said work and improvements is the sum of **Forty Five Thousand and no/100 Dollars (\$45,000.00)**.

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

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

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

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

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

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

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

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

County

Contractor

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

Taylor Morrison
4695 MacArthur Court, 8th Floor
Newport Beach, CA 92660

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

Taylor Morrison of California, LLC,
a California limited liability company

By:  _____

Print Name: Sean Doyle

Title: Vice President

By: _____

Print Name: _____

Title: _____

COUNTY OF RIVERSIDE signature page to follow on page 4.

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

COUNTY OF RIVERSIDE SIGNATURE PAGE

COUNTY OF RIVERSIDE

By


JEFF HEWITT

CHAIR, BOARD OF SUPERVISORS

ATTEST:

KECIA R. HARPER,
Clerk of the Board

By


Deputy

APPROVED AS TO FORM

County Counsel

By



Revised 09/01/2020

CALIFORNIA 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.

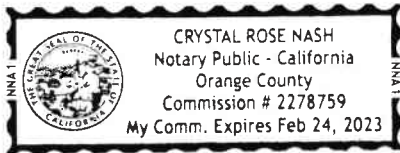
State of California

County of Orange

On June 8, 2021 before me, Crystal Rose Nash, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Sean Doyle
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 [Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

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: Agreement for Placement of Survey Monuments

Document Date: _____ Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Sean Doyle
☒ Corporate Officer – Title(s): Vice President

☐ 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: _____

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

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

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 37153**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a sanitary sewer system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said sanitary sewer system. Contractor further agrees to extend the main or mains from the existing sewer system maintained and operated by **Temescal Valley Water District** to connect with the sanitary sewer system required to be constructed by this agreement. All the above required work shall be in accordance with those plans and specifications which have been approved by the Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County and accepted by the above-named agency into its sewer system. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. The estimated cost of said work and improvements is the sum of **One Hundred Ninety Three Thousand and no/100 Dollars (\$193,000.00)**.

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

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

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

Agreement for the Construction of Sewer System Improvements

Tract **37153**

Page 1

JUN 14 2022 2:12

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

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

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

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

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

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

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

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

Contractor
Taylor Morrison
4695 MacArthur Court, 8th Floor
Newport Beach, CA 92660

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

Taylor Morrison of California, LLC,
a California limited liability company

By: 

Print Name: Sean Doyle

Title: Vice President

By: _____

Print Name: _____

Title: _____

COUNTY OF RIVERSIDE signature page to follow on page 4.

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

COUNTY OF RIVERSIDE SIGNATURE PAGE

COUNTY OF RIVERSIDE

By


JEFF HEWITT CHAIR, BOARD OF SUPERVISORS

ATTEST:

KECIA R. HARPER,
Clerk of the Board

By


Deputy

APPROVED AS TO FORM

County Counsel

By



Revised 09/01/2020

CALIFORNIA ACKNOWLEDGMENT

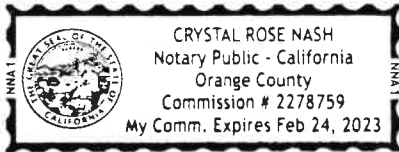
CIVIL CODE § 1189

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 OrangeOn June 8, 2021 before me, Crystal Rose Nash, Notary Public
Date Here Insert Name and Title of the Officerpersonally appeared Sean Doyle
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

Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached DocumentTitle or Type of Document: Agreement for Const. of Sewer SystemDocument Date: _____ Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)Signer's Name: Sean Doyle Signer's Name: _____☒ Corporate Officer – Title(s): Vice President ☐ Corporate Officer – Title(s): _____☐ Partner – ☐ Limited ☐ General ☐ Partner – ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact ☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator ☐ Trustee ☐ Guardian or Conservator☐ Other: _____ ☐ Other: _____

Signer is Representing: _____ Signer is Representing: _____

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

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

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 37153**, hereby agrees, at Contractor's own cost and expense, to construct or cause to have constructed, within **24** months from the date this agreement is executed, in a good and workmanlike manner, a water distribution system, complete with all necessary pipes, valves, fire hydrants, connections and appurtenances necessary to the satisfactory operation of said distribution system, and, further, to extend main or mains from the existing supply system maintained and operated by **Temescal Valley Water District** to connect with the distribution system described above with all pipe laid at such a depth as to provide a full thirty-six inch (36") minimum cover from the top of the pipe to street grade, unless otherwise specified by the Director of Transportation, all in accordance with those plans and specifications which have been approved by both the County Health Director and Director of Transportation, and are on file in the office of the Riverside County Transportation Department. Said approved plans and specifications are hereby made a part of this agreement as fully as though set forth herein. All of the above required work shall be done under the inspection of, and to the satisfaction of, the County Director of Transportation and the County Health Officer, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Two Hundred Sixty Nine Thousand and no/100 Dollars (\$269,000.00)**.

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

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

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

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

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

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

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

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

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

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

| <u>County</u> | <u>Contractor</u> |
|---|---|
| Construction Engineer Riverside County Transportation Dept. 2950 Washington Street Riverside, CA 92504 | Taylor Morrison 4695 MacArthur Court, 8 th Floor Newport Beach, CA 92660 |

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

Taylor Morrison of California, LLC,
a California limited liability company

By:  _____

Print Name: Sean Doyle

Title: Vice President

By: _____

Print Name: _____

Title: _____

COUNTY OF RIVERSIDE signature page to follow on page 4.

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

COUNTY OF RIVERSIDE SIGNATURE PAGE

COUNTY OF RIVERSIDE

By 
JEFF HEWITT CHAIR, BOARD OF SUPERVISORS

ATTEST:

KECIA R. HARPER,
Clerk of the Board

By 
Deputy

APPROVED AS TO FORM

County Counsel

By 

Revised 09/01/2020

CALIFORNIA 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.

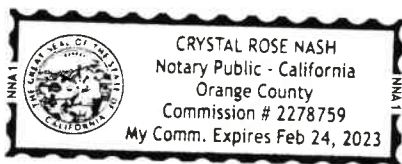
State of California

County of Orange

On June 8, 2021 before me, Crystal Rose Nash, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Sean Doyle
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 [Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

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: Agreement for Const. of Water System Improvements

Document Date: _____ Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Sean Doyle

☒ Corporate Officer – Title(s): Vice President

☐ 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: _____

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

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

WITNESSETH:

FIRST: Contractor, for and in consideration of the approval by County of the final map of that certain land division known as **Tract 37153**, hereby agrees, at Contractor's own cost and expense, to furnish all labor, equipment and materials necessary to perform and complete, within **24** months from the date this agreement is executed, in a good and workmanlike manner, all road and drainage improvements in accordance with those Road Plans for said land division which have been approved by the County Director of Transportation, and are on file in the office of the Riverside County Transportation Department, and do all work incidental thereto in accordance with the standards set forth in Riverside County Ordinance No. 461, as amended, which are hereby expressly made a part of this agreement. All the above required work shall be done under the inspection of and to the satisfaction of the County Director of Transportation, and shall not be deemed complete until approved and accepted as complete by the County. Contractor further agrees to maintain the above required improvements for a period of one year following acceptance by the County, and during this one year period to repair or replace, to the satisfaction of the Director of Transportation, any defective work or labor done or defective materials furnished. Contractor further agrees that all underground improvements shall be completed prior to the paving of any roadway. The estimated cost of said work and improvements is the sum of **Two Million Five Hundred Seventeen Thousand and no/100 Dollars (\$2,517,000.00)**.

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

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

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

JUN 14 2022 2.12

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

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

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

EIGHTH: Contractor agrees to file with County, prior to the date this agreement is executed, a good and sufficient improvement security in an amount not less than the estimated cost of the work and improvements for the faithful performance of the terms and conditions of this agreement, and good and sufficient security for payment of labor and materials in the amount prescribed by Article XVII of Riverside County Ordinance 460 to secure the claims to which reference is made in Title 3 (commencing with Section 9000) of Part 6 of Division 4 of the Civil Code of the State of California. Contractor agrees to renew each and every said bond or bonds with good and sufficient sureties or increase the amount of said bonds, or both, within ten (10) days after being notified by the Director of Transportation that the sureties or amounts are insufficient. Notwithstanding any other provisions herein, if Contractor fails to take such action as is necessary to comply with said notice, Contractor shall be in default of this agreement unless all required improvements are completed within ninety (90) days of the date on which the Director of Transportation notified Contractor of the insufficiency of the security or the amount of the bonds or both.

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

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

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

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

Contractor
Taylor Morrison
4695 MacArthur Court, 8th Floor
Newport Beach, CA 92660

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

Taylor Morrison of California, LLC,
a California limited liability company

By: _____

Print Name: Sean Doyle

Title: Vice President

By: _____

Print Name: _____

Title: _____

COUNTY OF RIVERSIDE signature page to follow on page 4.

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

COUNTY OF RIVERSIDE SIGNATURE PAGE

COUNTY OF RIVERSIDE

By


JEFF HEWITT CHAIR, BOARD OF SUPERVISORS

ATTEST:

KECIA R. HARPER,
Clerk of the Board

By


Deputy

APPROVED AS TO FORM

County Counsel

By



Revised 09/01/2020

CALIFORNIA 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.

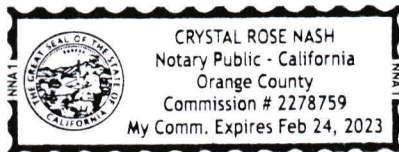
State of California

County of Orange

On June 8, 2021 before me, Crystal Rose Nash, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Sean Doyle
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

[Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

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: Agreement for Const. of Road/drainage Improvements

Document Date: _____ Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Sean Doyle

☒ Corporate Officer – Title(s): Vice President

☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

☐ Corporate Officer – Title(s): _____

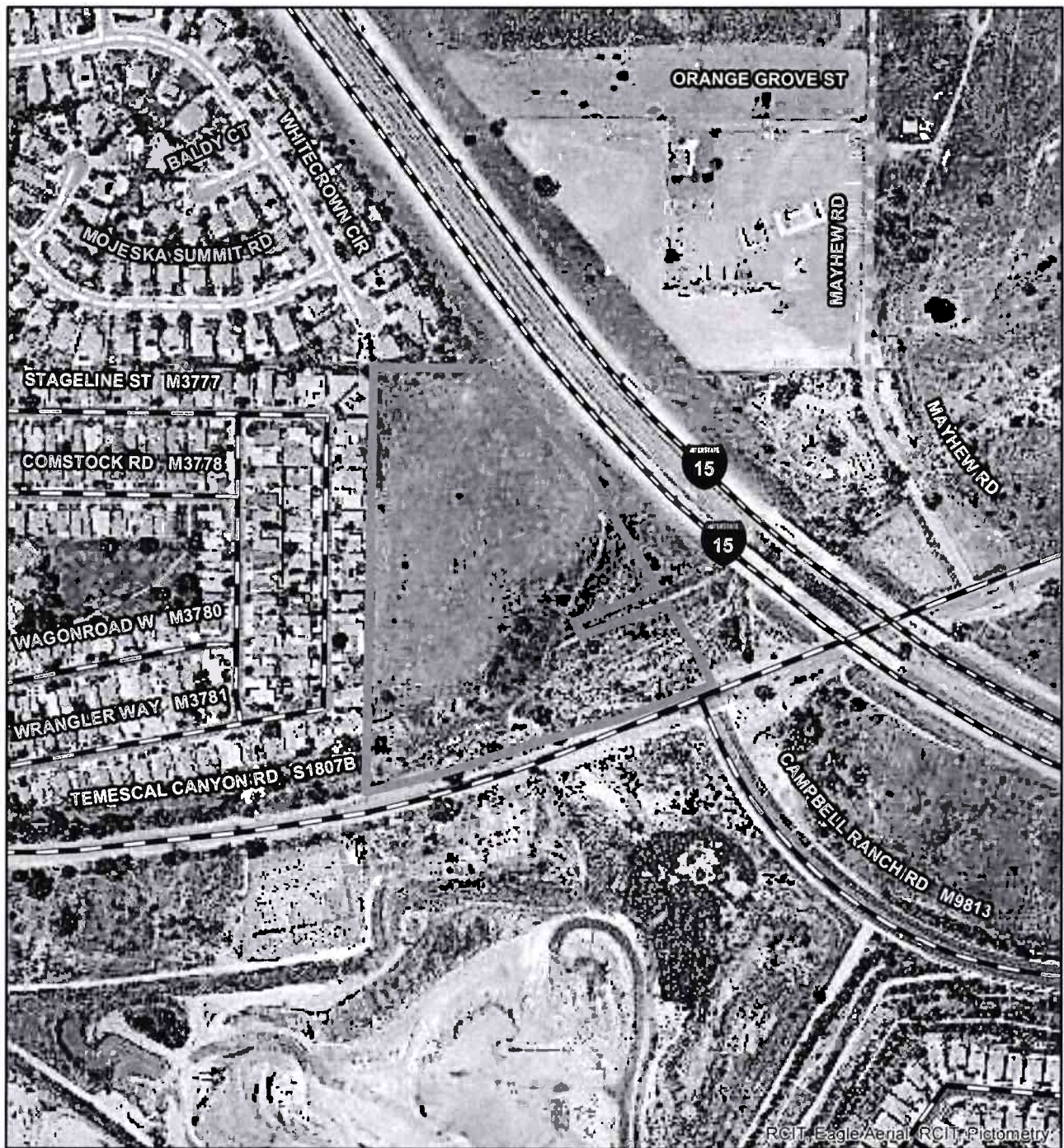
☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer is Representing: _____



Legend

Road Book Centerline

TYPE

- F.A.U. Maintained
- F.A.S. Maintained
- Paved Surface Maintained
- Graveled Surface Maintained
- Dirt Surface Maintained
- Accepted for Public Use
- Non-County Road
- Vacated
- City Road
- Maintained for City/Non-County

VICINITY MAP

Tract Map 37153

Section 2, T.5S. R6W.

Supervisory District: 1



NOT TO SCALE

TRACT NO. 37153

STATE OF SUPERVISORS' CERTIFICATE OF TAXATION OF TOWNSHIP AND CITY
 OFFICE OF THE SUPERVISOR
 MARCH 2022

NOTICE OF TAXATION

NOTICE IS HEREBY GIVEN THAT THE SUPERVISORS OF THE TOWNSHIP OF THE COUNTY OF RIVERSIDE, CALIFORNIA, HAVE DETERMINED THE TAXES TO BE COLLECTED FOR THE YEAR 2022. THE TAXES ARE AS FOLLOWS:

AD VALOREM TAX: 0.000000
 SPECIAL TAX: 0.000000
 TOTAL TAX: 0.000000

THE TAXES ARE TO BE COLLECTED BY THE COUNTY OF RIVERSIDE, CALIFORNIA, ON OR BEFORE THE 15TH DAY OF MAY, 2022.

SEAN DOYLE
 VICE PRESIDENT

California
 Orange
 5/19/2022
 Pamela Dawie
 Sean Doyle

Pamela Dawie
 23821916
 Orange
 11/8/2025

THE SUPERVISORS OF THE TOWNSHIP OF THE COUNTY OF RIVERSIDE, CALIFORNIA, HAVE DETERMINED THE TAXES TO BE COLLECTED FOR THE YEAR 2022. THE TAXES ARE AS FOLLOWS:

SUPERVISOR'S STATEMENT

THE SUPERVISORS OF THE TOWNSHIP OF THE COUNTY OF RIVERSIDE, CALIFORNIA, HAVE DETERMINED THE TAXES TO BE COLLECTED FOR THE YEAR 2022. THE TAXES ARE AS FOLLOWS:

Charles J. Hoss May 18, 2022

CHARTERED CITY'S STATEMENT

THE CHARTERED CITY OF THE COUNTY OF RIVERSIDE, CALIFORNIA, HAS DETERMINED THE TAXES TO BE COLLECTED FOR THE YEAR 2022. THE TAXES ARE AS FOLLOWS:

REPORT OF SUPERVISOR'S STATEMENT

THE SUPERVISORS OF THE TOWNSHIP OF THE COUNTY OF RIVERSIDE, CALIFORNIA, HAVE DETERMINED THE TAXES TO BE COLLECTED FOR THE YEAR 2022. THE TAXES ARE AS FOLLOWS:

TAX COLLECTOR'S CERTIFICATE
 MAY 31 22 71,700.00

TAX COLLECTOR'S CERTIFICATE

TAX COLLECTOR'S CERTIFICATE
 MAY 31 22 71,700.00

Marion Mendoza

TAX RENEWAL CERTIFICATE

TAX RENEWAL CERTIFICATE
 MAY 31 22 71,700.00

Marion Mendoza

PERMANENT RESIDENT: [REDACTED] U.S.

4200 (MIA) 2000

445

Figure 1. The effect of the concentration of the solution on the adsorption of the dye.

10

44

Q84V DEED
AC AC 217-14261-12
RF 11473

INST on 11/13/77
PAGE 7 1977

PARCEL 1
WST 12 244 1
MA-CH 17 97

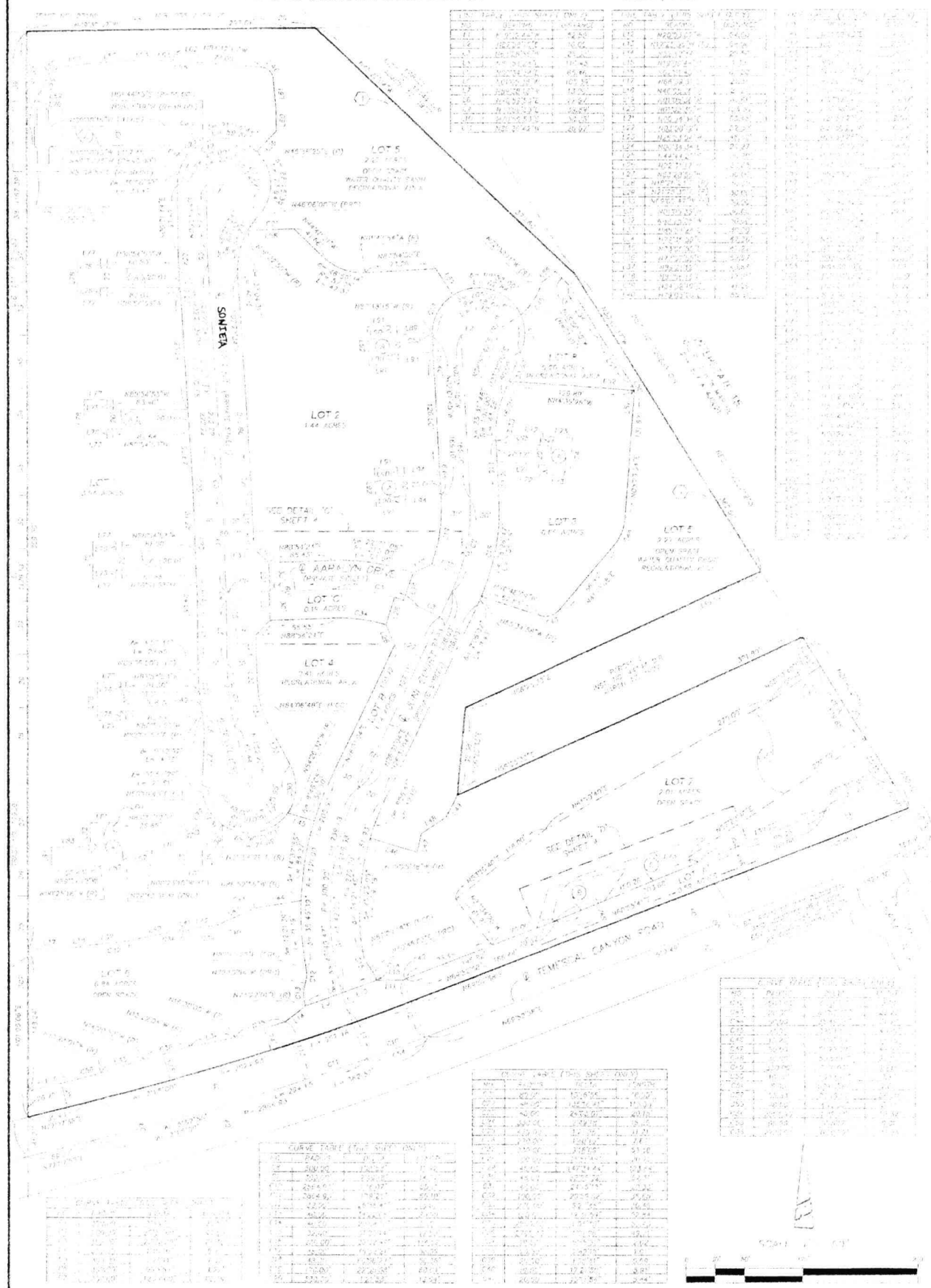
TEHESCAL CANYON

TABLE OF REFERENCES

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840.

TRACT NO. 37153

(FOR CONDEMNATION PURPOSES)
 PART 2 (DIVISION OF THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 6 NORTH, RANGE 6 WEST, DEER
 PROACTIVE ENGINEERING CONSULTANTS, INC. MARCH, 2019



FOUR FIVE NINE TWO ONE TWO THREE FOUR FIVE SIX SEVEN EIGHT NINE





TRANSPORTATION DEPARTMENT

FORM 11 SUMMARY/ROUTING FORM

RECEIVED RIVERSIDE COUNTY
CLERK/BOARD OF SUPERVISORS

2022 JUN -9 AM 8:15

BOARD APPROVAL REQUIRED: ☒ Yes ☐ No
COUNTY COUNSEL APPROVAL: ☒ Yes ☐ No

☐ AGREEMENT/CONTRACT

NO.:

REQUESTED BOARD DATE: 6/14/2022

CAN IT GO AT A LATER DATE: ☐ YES ☐ NO

| | | | |
|--|---|--|--|
| <input type="checkbox"/> AMENDMENT | NO. | <input type="checkbox"/> CHANGE ORDER | NO. |
| <input type="checkbox"/> RESOLUTION | NO. | <input type="checkbox"/> ORDINANCE | NO. |
| <input type="checkbox"/> AWARD PACKAGE | <input checked="" type="checkbox"/> FINAL MAP | <input type="checkbox"/> ACQUISITION/EDA | <input type="checkbox"/> ADVERTISEMENT PACKAGE |
| <input type="checkbox"/> OTHER: | SUPERVISORIAL DISTRICT: 1 | | |

PROJECT/SUBJECT:

FINAL TRACT MAP NO: 37153(Schedule "A")

DESCRIPTION: APPROVAL OF FINAL TRACT MAP AND IMPROVEMENT AGREEMENTS.

CONTRACTING PARTY: Paul Hillmer

W.O. NO.: FTM37153(TC-SU21)(DBF)

PROJECT MANAGER: Paul Hillmer

EXTENSION: 5-1843

FORM 11 AUTHOR/CONTACT: Paul Hillmer

EXTENSION:

FISCAL

| | |
|------------------------------------|-------------------------|
| AMOUNT: \$ (0) | CHANGE ORDER AMOUNT: \$ |
| FUNDING SOURCE (S): Applicant Fees | FUNDING SOURCE(S): |
| | |
| | |

ROUTING

SPECIAL ROUTING INSTRUCTIONS (e.g., who receives original agreements, companion item, rush, etc.):

THE FINAL TRACT MAP AND 3 COPIES OF THE IMPROVEMENT AGREEMENTS ARE TO BE EXECUTED BY THE CHAIR OF THE BOARD.

THE FINAL TRACT MAP, CC&R'S AND SUBDIVISION GUARANTEE IS TO BE DELIVERED TO THE COUNTY RECORDER. COB RETAINS 1 COPY OF THE IMPROVEMENT AGREEMENT AND RETURNS THE 2 REMAINING COPIES TO TRANSPORTATION.

| MINUTETRAQ (MT) NO: | TRANS TRACKING ID: | DATE RECEIVED: | INITIALS: |
|---------------------|--------------------|----------------|-----------|
| 19326 | | | |

6/14/22 2.12
2022-6-153127

1. Work Order

1. Page— of—

3. DEPARTMENT **Clerk of the Board of Supervisors**

8. ORG.#

10. DATE 06/15/2022

4. ORGANIZATION **County of Riverside**

9. ACCOUNT #

11. MEDIA CODE

5. ADDRESS 4080 Lemon St., Room 127

12. NO. OF BOXES TRANSFERRED

CITY Riverside, Ca. 92501

13. RECORDS TRANSFERRED BY:

6. MAIL STOP
1010

| 7. Name | PHONE # | FAX# |
|---------|---------|------|
|---------|---------|------|

Sue Maxwell 955-1069 955-1071

14. RECORDS COORDINATOR (must be Authorized):

15.
BOX #
(Temp)

16. DESCRIPTION OF RECORDS
Must be the same as records series title on schedule

17.
RANGE
OF YEARS

18.
DESTRUCTION
DATE

| | |
|-----|--------------------------------|
| 19. | RECORD SERIES TITLE CODE |
|-----|--------------------------------|

20. PERMANENT
BOX #
(Barcode label)

Board Date 06/14/2022 Item No 2.12
Final Tract Map No 37153 – Sched "A"

Subdivision of Portion of Southeast Quarter
of SEC 2 T5S R6W SBM

District 1

21. RECORDS RECEIVED BY:

Leslie Caluza

30. REMARKS

22. TITLE

23. RECEIVED VIA:

24. DATE RECEIVED:

6/15/2022

25. TIME RECEIVED:

26. BOXES VERIFIED BY:

27. DATE BOXES VERIFIED:

28. NAME\DATE SCANNED TO HOLDING AREA:

29. NAME\DATE SCANNED TO LOCATION:

RECEIVED RIVERSIDE COUNTY
CLERK/BOARD OF SUPERVISORS
2022 JUN 15 AM 11:14

TRACT NO. 37153

(FOR CONDOMINIUM PURPOSES)

BEING A SUBDIVISION OF A PORTION OF THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 5 SOUTH,
RANGE 6 WEST, S.B.M.
PROACTIVE ENGINEERING CONSULTANTS, INC.

MARCH, 2019

RECORDER'S STATEMENT

FILED THIS _____ DAY OF _____ 20____
AT _____ M. IN BOOK _____ OF MAPS, AT
PAGES _____ AT THE REQUEST OF
THE CLERK OF THE BOARD.

NO. _____ FEE _____
PETER ALDANA, ASSESSOR-COUNTY CLERK-RECORDER
BY: _____ DEPUTY
SUBDIVISION GUARANTEE
FIRST AMERICAN TITLE COMPANY

OWNER'S STATEMENT

WE HEREBY STATE THAT WE ARE THE OWNERS OF THE LAND INCLUDED WITHIN THE SUBDIVISION SHOWN HEREON; THAT WE ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS A CLEAR TITLE TO SAID LAND; THAT WE CONSENT TO THE MAKING AND RECORDING OF THIS SUBDIVISION MAP AS SHOWN WITHIN THE DISTINCTIVE BORDER LINE. THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES: LOT 'A'. THE DEDICATION IS FOR PUBLIC ROAD AND PUBLIC UTILITY PURPOSES.

AS A CONDITION OF DEDICATION OF LOT 'A', TEMESCAL CANYON ROAD THE OWNERS OF LOTS 6 AND 7, ABUTTING THIS HIGHWAY AND DURING SUCH TIME WILL HAVE NO RIGHTS OF ACCESS EXCEPT THE GENERAL EASEMENT OF TRAVEL. ANY CHANGE OF ALIGNMENT OR WIDTH THAT RESULTS IN THE VACATION THEREOF SHALL TERMINATE THIS CONDITION OF ACCESS RIGHTS AS TO THE PART VACATED.

WE HEREBY RETAIN LOTS 'B', 'C', AND 'D' INDICATED AS PRIVATE STREETS AS SHOWN HEREON, FOR PRIVATE USE, FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES AND LOT OWNERS WITHIN THIS TRACT MAP.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES: LOTS 'B', 'C', AND 'D'. THE DEDICATION IS FOR PUBLIC UTILITY PURPOSES TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS FOR EMERGENCY VEHICLES.

WE HEREBY RETAIN LOTS 6 AND 7 IN FEE INDICATED AS OPEN SPACE AS SHOWN HEREON FOR PRIVATE USE, FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES, AND LOT OWNERS WITHIN THIS MAP.

WE HEREBY RETAIN LOTS 4 AND 8 IN FEE INDICATED AS RECREATIONAL AREA AS SHOWN HEREON FOR PRIVATE USE, FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES, AND LOT OWNERS WITHIN THIS MAP.

WE HEREBY RETAIN LOT 5 IN FEE INDICATED AS OPEN SPACE, WATER QUALITY, AND RECREATIONAL AREA AS SHOWN HEREON FOR PRIVATE USE, FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES, AND LOT OWNERS WITHIN THIS MAP.

WE HEREBY RETAIN THE EASEMENT INDICATED AS "PRIVATE UTILITY AND ACCESS" LYING WITHIN LOTS 1, 2, AND 3, AS SHOWN HEREON, FOR PRIVATE USE, FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES, AND THE LOT OWNERS WITHIN THIS TRACT MAP.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES: DRAINAGE EASEMENT LYING WITHIN LOT 7, AS SHOWN HEREON. THE DEDICATION IS FOR THE MAINTENANCE OF DRAINAGE FACILITIES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES: ACCESS EASEMENT LYING WITHIN LOT 7, AS SHOWN HEREON. THE DEDICATION IS FOR INGRESS AND EGRESS TO AND FROM DRAINAGE EASEMENTS, FOR MAINTENANCE OF DRAINAGE FACILITIES.

TAYLOR MORRISON OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

BY: Sean Doyle
PRINTED NAME: SEAN DOYLE
TITLE: VICE PRESIDENT

NOTARY ACKNOWLEDGEMENT

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 9/19/2022, BEFORE ME, Pamela Danile, A NOTARY PUBLIC,
(INSERT NAME)

PERSONALLY APPEARED Sean Doyle
WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

Pamela Danile Paulo
NAME PRINTED SIGNATURE
MY COMMISSION NO: 2382196 MY COMMISSION EXPIRES 11/01/2025
MY PRINCIPAL PLACE OF BUSINESS IS Orange COUNTY.

SIGNATURE OMISSIONS

PURSUANT TO THE PROVISIONS OF SECTION 66436 OF THE SUBDIVISION MAP ACT, THE SIGNATURES OF THE FOLLOWING OWNERS OF EASEMENTS AND/OR OTHER INTERESTS HAVE BEEN OMITTED:

STARFIELD SYCAMORE INVESTORS, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY, HOLDER OF AN EASEMENT FOR DRAINAGE PURPOSES, RECORDED SEPTEMBER 23, 2002 AS INSTRUMENT NO. 2002-525830 O.R. AND BY ASSIGNMENT BY A DOCUMENT RECORDED OCTOBER 24, 2002 AS INSTRUMENT NO. 2002-589498 O.R.

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF TEMESCAL OFFICE PARTNERS IN MARCH 2019. I HEREBY STATE THAT ALL MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED OR THAT THEY WILL BE SET IN ACCORDANCE WITH THE TERMS OF THE MONUMENT AGREEMENT FOR THE MAP AND THAT THE MONUMENTS ARE, OR WILL BE, SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED, AND THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP. THIS SURVEY IS TRUE AND COMPLETE AS SHOWN.

Charles J. Moore May 18, 2022
CHARLES J. MOORE, L.S. 9106 DATE



COUNTY SURVEYOR'S STATEMENT

THIS MAP CONFORMS TO THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCES. I HEREBY STATE THAT THIS MAP HAS BEEN EXAMINED BY ME OR UNDER MY SUPERVISION AND FOUND TO BE SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP OF TRACT MAP NO. 37153 AS FILED, AMENDED, AND APPROVED BY THE BOARD OF SUPERVISORS ON JUNE 5, 2018, THE EXPIRATION DATE BEING DECEMBER 31, 2022 AND THAT I AM SATISFIED THIS MAP IS TECHNICALLY CORRECT.

DATED 6-7 2022

BY: David L. McMillan
DAVID L. McMILLAN, COUNTY SURVEYOR
L.S. 8488 EXPIRES 12/31/2022



BOARD OF SUPERVISORS' STATEMENT

THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BY ITS BOARD OF SUPERVISORS, HEREBY APPROVES THE TRACT MAP AND ACCEPTS THE OFFERS OF DEDICATION MADE HEREON OF LOT 'A', FOR PUBLIC ROAD AND PUBLIC UTILITY PURPOSES AND AS PART OF THE COUNTY MAINTAINED ROAD SYSTEM SUBJECT TO IMPROVEMENTS IN ACCORDANCE WITH COUNTY STANDARDS, AND ACCEPTS THE OFFER OF DEDICATION OF ABUTTERS RIGHTS OF ACCESS ALONG TEMESCAL CANYON ROAD. THE OFFER OF DEDICATION FOR PUBLIC UTILITY PURPOSES ALONG WITH THE RIGHT OF INGRESS AND EGRESS FOR EMERGENCY VEHICLES WITHIN LOTS 'B', 'C', AND 'D', INDICATED AS PRIVATE STREETS AS SHOWN HEREON, IS HEREBY ACCEPTED.

THE OFFER OF DEDICATION MADE HEREON OF THE DRAINAGE EASEMENT IS HEREBY ACCEPTED FOR CONSTRUCTION AND MAINTENANCE OF DRAINAGE FACILITIES, AND AS PART OF THE COUNTY MAINTAINED SYSTEM, SUBJECT TO IMPROVEMENTS IN ACCORDANCE WITH COUNTY STANDARDS.

THE OFFER OF DEDICATION MADE HEREON OF THE ACCESS EASEMENT, FOR INGRESS AND EGRESS TO AND FROM DRAINAGE EASEMENTS FOR CONSTRUCTION AND MAINTENANCE OF DRAINAGE FACILITIES, IS HEREBY ACCEPTED TO VEST TITLE IN THE COUNTY ON BEHALF OF THE PUBLIC FOR SAID PURPOSES BUT THAT SAID ACCESS EASEMENT SHALL NOT BECOME PART OF THE COUNTY MAINTAINED ROAD SYSTEM UNTIL ACCEPTED BY RESOLUTION OF THIS BOARD ADOPTED PURSUANT TO SECTION 941 OF THE STREETS AND HIGHWAYS CODE.

DATED 06/14/2022
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
BY: Jeffrey Hewitt
CHAIRMAN OF THE BOARD OF SUPERVISORS

ATTEST:
KECIA HARPER
CLERK OF THE BOARD OF SUPERVISORS
BY: Shue Matthews DEPUTY

TAX COLLECTOR'S CERTIFICATE

I HEREBY CERTIFY THAT ACCORDING TO THE RECORDS OF THIS OFFICE, AS OF THIS DATE, THERE ARE NO LIENS AGAINST THE PROPERTY SHOWN ON THE WITHIN MAP FOR UNPAID STATE, COUNTY, MUNICIPAL OR LOCAL TAXES, OR SPECIAL ASSESSMENTS COLLECTED AS TAXES, EXCEPT TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES NOW A LIEN, BUT NOT YET PAYABLE, WHICH ARE ESTIMATED TO BE \$ 71,280.02

DATE: May 31 2022

MATTHEW JENNINGS
COUNTY TAX COLLECTOR

BY: Marvin Mendoza DEPUTY

TAX BOND CERTIFICATE

I HEREBY CERTIFY THAT A BOND IN THE SUM OF \$ 71,280.02 HAS BEEN EXECUTED AND FILED WITH THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, CONDITIONED UPON THE PAYMENT OF ALL TAXES, STATE, COUNTY, MUNICIPAL OR LOCAL, AND ALL SPECIAL ASSESSMENTS COLLECTED AS TAXES WHICH AT THE TIME OF FILING OF THIS MAP WITH THE COUNTY RECORDER ARE A LIEN AGAINST SAID PROPERTY BUT NOT YET PAYABLE, AND SAID BOND HAS BEEN DULY APPROVED BY SAID BOARD OF SUPERVISORS.

DATE: May 31 2022

CASH OR SURETY TAX BOND
MATTHEW JENNINGS
COUNTY TAX COLLECTOR

BY: Marvin Mendoza DEPUTY

RECORDING REQUESTED BY:

First American Title Company
Homebuilder Services Division

WHEN RECORDED MAIL TO:

First American Title Company
1250 Corona Pointe, Suite 200
Corona, CA 92879

Order: 6638422

SUBDIVISION GUARANTEE

TRACT NO. 37153

SUBDIVISION GUARANTEE

Fee: \$150.00
Tract No. 37153

First American Title Insurance Company
a corporation

GUARANTEES

The County of Riverside and any City within which said subdivision is located in a sum not exceeding \$10,000.00.

That, according to those public records which, under the recording laws, impart constructive notice of matters affecting the title to the land included within the exterior boundary shown on the map of the above referenced subdivision, the only parties having any record title interest in said land whose signatures are necessary, under the requirements of the Subdivision Map Act, on the certificates consenting to the recordation of said map and offering for dedication any streets, roads, avenues and other easements offered for dedication by said map are:

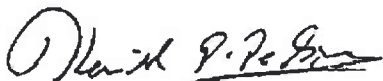
TAYLOR MORRISON OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (OWNER)

The map hereinbefore referred to is a subdivision of:

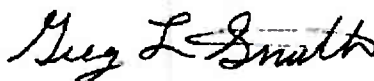
BEING A SUBDIVISION OF A PORTION OF THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 5 SOUTH, RANGE 6 WEST, S.B.M.

Dated: May 17, 2022

First American Title Insurance Company



Kenneth D. DeGiorgio, President



Greg L. Smith, Secretary



Michael Keough

Title Officer Assistant

RECORDING REQUESTED BY:

First American Title Company
Homebuilder Services Division

WHEN RECORDED MAIL TO:

JACKSON TIDUS (SAN)
230 Main Street
Irvine, CA 92614

Order: 6638422

APN: 290-060-024
TRA: 059-050

Documentary Transfer Tax is \$-0-. The value of the property in this conveyance, exclusive of liens and encumbrances is \$100.00 or less, and there is no additional consideration received by the grantor, R & T 11911.

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
SERRANO**

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

JACKSON TIDUS (SAN)
2030 Main Street, Suite 1200
Irvine, CA 92614

(Space Above for Recorder's Use)

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS**

FOR

SERRANO

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

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

TABLE OF CONTENTS
DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
SERRANO

| | Page |
|-----------|---|
| ARTICLE 1 | DEFINITIONS AND INTERPRETATION 2 |
| 1.1. | Definitions..... 2 |
| 1.2. | Interpretation..... 15 |
| 1.3. | Land Classifications in Phase 1 16 |
| 1.4. | Condominium Plans for Diagrammatic Purposes Only 17 |
| ARTICLE 2 | MAINTENANCE COVENANTS AND USE RESTRICTIONS..... 17 |
| 2.1. | Repair and Maintenance by Owners 17 |
| 2.2. | Repair and Maintenance by Association..... 24 |
| 2.3. | Stormwater Pollutant Control 28 |
| 2.4. | Water Conservation Measures 29 |
| 2.5. | Single-Family Dwelling 29 |
| 2.6. | Further Subdivision..... 29 |
| 2.7. | Leasing and Rental 29 |
| 2.8. | Resale 30 |
| 2.9. | Business and Commercial Activities 30 |
| 2.10. | Nuisances 32 |
| 2.11. | Signs..... 34 |
| 2.12. | Parking and Vehicular Restrictions..... 35 |
| 2.13. | Animal Regulations..... 37 |
| 2.14. | Antenna and Satellite Dish Restrictions..... 38 |
| 2.15. | Trash..... 39 |
| 2.16. | Owner-Installed Improvements..... 39 |
| 2.17. | Mechanics' Liens 41 |
| 2.18. | Drainage 41 |
| 2.19. | Water Supply System 42 |
| 2.20. | View Obstructions..... 42 |
| 2.21. | Solar Energy Systems 42 |
| 2.22. | Rights of Disabled..... 43 |
| 2.23. | Temporary Buildings; Temporary Dwellings 43 |
| 2.24. | Prohibited Residential Uses 43 |
| 2.25. | Association Property 43 |
| 2.26. | Mineral Exploration and Extraction..... 43 |
| 2.27. | Post-Tension Concrete Slabs..... 43 |
| 2.28. | Easements..... 44 |
| ARTICLE 3 | DISCLOSURES 44 |
| 3.1. | Conditions Of Approval..... 44 |
| 3.2. | Enforceability Of Conditions 44 |
| 3.3. | No Representations or Warranties 45 |

TABLE OF CONTENTS

(continued)

| | Page |
|--|------|
| 3.4. Special Districts | 45 |
| 3.5. Supplemental Real Property Taxes | 46 |
| 3.6. Association Budget | 46 |
| 3.7. Recreational Facilities | 46 |
| 3.8. Electric Power Lines, Wireless Communications Facilities, and Human Health; Cell Tower | 47 |
| 3.9. Utility Improvements | 47 |
| 3.10. Urban Environment | 48 |
| 3.11. Property Lines | 48 |
| 3.12. Mold | 48 |
| 3.13. Reclaimed Water | 49 |
| 3.14. Watering Restrictions | 49 |
| 3.15. Exterior Lighting | 49 |
| 3.16. Soil Conditions | 49 |
| 3.17. Environmental Conditions | 51 |
| 3.18. Environmental Risk | 51 |
| 3.19. Mining Property | 51 |
| 3.20. Open Space Areas | 52 |
| 3.21. Natural Hazard Zone Disclosures | 53 |
| 3.22. Right to Farm Disclosure | 55 |
| 3.23. Notice of Mining Operations Disclosure | 56 |
| 3.24. Gas and Hazardous Liquid Transmission Pipelines | 56 |
| 3.25. Radon | 56 |
| 3.26. Air Quality | 57 |
| 3.27. Wind | 57 |
| 3.28. Surrounding Uses | 57 |
| 3.29. Residential Developments | 58 |
| 3.30. Mixed Use Area | 58 |
| 3.31. Proximity to Agricultural Lands | 58 |
| 3.32. Rural Area | 58 |
| 3.33. Major Highways and Thoroughfares | 58 |
| 3.34. Megan's Law Notice | 59 |
| 3.35. Change in Plans | 59 |
| 3.36. No Enhanced Protection Agreement | 59 |
| 3.37. Additional Provisions; Future Enforceability | 59 |
| ARTICLE 4 THE ASSOCIATION | 59 |
| 4.1. General Duties and Powers | 59 |
| 4.2. Specific Duties and Powers | 60 |
| 4.3. Standard of Care, Non-Liability | 66 |
| 4.4. Membership | 68 |
| 4.5. Voting Rights | 70 |
| 4.6. Unsegregated Real Property Taxes | 71 |

TABLE OF CONTENTS
(continued)

| | Page |
|-----------|--|
| ARTICLE 5 | DESIGN REVIEW COMMITTEE..... 71 |
| 5.1. | Members of Committee..... 71 |
| 5.2. | Powers and Duties..... 72 |
| 5.3. | Review of Plans and Specifications 72 |
| 5.4. | Meetings and Actions of the Design Review Committee 76 |
| 5.5. | No Waiver of Future Approvals..... 76 |
| 5.6. | Compensation of Members 76 |
| 5.7. | Inspection of Work..... 76 |
| 5.8. | Variances..... 77 |
| 5.9. | Pre-Approvals 77 |
| 5.10. | Appeals..... 78 |
| ARTICLE 6 | PROPERTY EASEMENTS AND RIGHTS..... 78 |
| 6.1. | Easements..... 78 |
| 6.2. | Additional Easements..... 82 |
| 6.3. | Delegation of Use..... 83 |
| 6.4. | Right of Entry..... 83 |
| ARTICLE 7 | ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS 84 |
| 7.1. | Personal Obligation to Pay Assessments 84 |
| 7.2. | Association Maintenance Funds Accounts 84 |
| 7.3. | Purpose of Assessments 85 |
| 7.4. | Waiver of Use 85 |
| 7.5. | Limits on Annual Assessment Increases 85 |
| 7.6. | Annual Assessments 86 |
| 7.7. | Special Assessments 88 |
| ARTICLE 8 | INSURANCE..... 88 |
| 8.1. | Duty to Obtain Insurance; Types 88 |
| 8.2. | Waiver of Claim Against Association..... 90 |
| 8.3. | Right and Duty of Owners to Insure 90 |
| 8.4. | Notice of Expiration Requirements..... 90 |
| 8.5. | Trustee for Policies 90 |
| 8.6. | Actions as Trustee..... 91 |
| 8.7. | Annual Insurance Review 91 |
| 8.8. | Required Waiver 91 |
| ARTICLE 9 | DESTRUCTION OF IMPROVEMENTS 92 |
| 9.1. | Restoration of the Community..... 92 |
| 9.2. | Sale of Community and Right to Partition..... 92 |
| 9.3. | Interior Damage 93 |
| 9.4. | Notice to Owners and First Mortgagees 93 |
| 9.5. | Damage by Owners 93 |

TABLE OF CONTENTS (continued)

| | Page |
|--|-------------|
| ARTICLE 10 EMINENT DOMAIN | 93 |
| 10.1. Property Condemnation | 94 |
| 10.2. Condemnation of Association Property | 94 |
| 10.3. Condemnation of Condominiums | 94 |
| 10.4. Portions of Awards in Condemnation not Compensatory for Value of Real Property..... | 94 |
| 10.5. Notice to Owners and First Mortgagees | 94 |
| ARTICLE 11 RIGHTS OF MORTGAGEES | 94 |
| 11.1. General Protections | 94 |
| 11.2. Additional Rights | 94 |
| ARTICLE 12 ENFORCEMENT AND DISPUTE RESOLUTION | 96 |
| 12.1. Enforcement of Governing Documents | 96 |
| 12.2. Delinquent Assessments | 98 |
| 12.3. Enforcement of Bonded Obligations..... | 103 |
| 12.4. Warranties, Disclaimer of Warranties, Right to Repair Act Acknowledgments and Procedures and Disputes With Declarant Parties | 104 |
| ARTICLE 13 DURATION AND AMENDMENT | 115 |
| 13.1. Duration..... | 115 |
| 13.2. Termination and Amendment | 115 |
| ARTICLE 14 GENERAL PROVISIONS | 119 |
| 14.1. Mergers or Consolidations | 119 |
| 14.2. No Public Right or Dedication..... | 119 |
| 14.3. Notices..... | 119 |
| 14.4. Constructive Notice and Acceptance | 119 |
| ARTICLE 15 DECLARANT'S RIGHTS AND RESERVATIONS | 120 |
| 15.1. Construction Rights..... | 120 |
| 15.2. Sales and Marketing Rights | 120 |
| 15.3. Creating Additional Easements..... | 121 |
| 15.4. Architectural Rights | 121 |
| 15.5. Developer Exemption..... | 121 |
| 15.6. Assignment of Rights..... | 122 |
| 15.7. Amendment to Article..... | 122 |
| 15.8. Power of Attorney..... | 122 |
| 15.9. Cooperation and Participation..... | 122 |
| 15.10. Declarant Approval of Actions | 124 |
| 15.11. Marketing Name..... | 124 |

TABLE OF CONTENTS
(continued)

| | Page |
|------------|---|
| ARTICLE 16 | ANNEXATION OF ADDITIONAL PROPERTY 124 |
| 16.1. | Additions By Declarant..... 124 |
| 16.2. | Other Additions..... 125 |
| 16.3. | Added Area Rights and Obligations 125 |
| 16.4. | Notice of Addition..... 125 |
| 16.5. | De-Annexation and Amendment..... 126 |
| ARTICLE 17 | COUNTY REQUIRED PROVISIONS 126 |
| 17.1. | County of Riverside Required CC&R Provisions..... 126 |
| EXHIBIT A | LEGAL DESCRIPTION OF ANNEXABLE AREA |
| EXHIBIT B | ARTICLES OF INCORPORATION OF THE ASSOCIATION |
| EXHIBIT C | BYLAWS OF THE ASSOCIATION |
| EXHIBIT D | APPROXIMATE LOCATION OF COMMUNITY WALLS IN PHASE 1 |
| EXHIBIT E | APPROXIMATE LOCATION OF SIDEYARD BENEFITTED UNITS AND SIDEYARD BURDENED UNITS IN PHASE 1 |
| EXHIBIT F | APPROXIMATE DEPICTION OF ASSOCIATION PROPERTY IN THE COMMUNITY |

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS**

FOR

SERRANO

This Declaration of Covenants, Conditions, Restrictions and Reservation of Easements is made by TAYLOR MORRISON OF CALIFORNIA, LLC, a California limited liability company. The capitalized terms used in the Preamble below are defined in Article 1.

PREAMBLE

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

That portion of Lot 2 of Tract No. 37153, as shown on a subdivision map Recorded in Book _____, at Pages ____ to ____, inclusive, of Maps, in the Office of the Riverside County Recorder, which portion is shown and described in that certain Condominium Plan for Serrano – Phase 1, Recorded on _____, 2022, as Instrument No. _____, of Official Records, as may be amended or restated (the "**Phase 1 Condominium Plan**").

The Phase 1 Condominium Plan referenced above depicts Units 61 to 66, inclusive, Association Property and Condominium Common Area.

B. Declarant intends to create a "common interest development" within the meaning of Section 4100 of the Davis-Stirling Common Interest Development Act ("**CID Act**") or successor provision, which is also a "condominium project," as defined in California Civil Code Section 4125, a "planned development," as defined in California Civil Code Section 4175, and a "subdivision" as defined in California Business and Professions Code Section 11000. Declarant intends to impose mutually beneficial restrictions under a general plan for subdividing, maintaining, improving and selling the Condominiums in the Community for the benefit of all the Condominiums pursuant to the CID Act. The general plan of development will include forming an owners association under the California Non-Profit Mutual Benefit Corporations Law to which will be assigned the powers of (1) owning, maintaining and administering the Association Property, (2) administering and enforcing the Governing Documents, and (3) collecting and disbursing the Assessments and charges hereinafter created. Declarant will cause the corporation to be formed to exercise such powers, as required under the CID Act. The Members of the Association will be the Owners in the Community, as further provided in Article 4 herein.

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

D. The Community is also subject to Conditions of Approval which were imposed by the County. Each Owner and the Association shall comply with the applicable provisions of the Conditions of Approval.

ARTICLE 1 DEFINITIONS AND INTERPRETATION

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

1.1.1. **Adjacent Duet Residence.** Adjacent Due Residence means the adjacent Duet Residence when referring to one of the two Duet Residences that are constructed in close proximity to one another.

1.1.2. **Annexable Area.** Annexable Area means the real property described in *Exhibit A* which may be made subject to this Declaration pursuant to Article 16. Any references in this Declaration to Annexable Area are references to the Annexable Area as a whole and to portions thereof.

1.1.3. **Annual Assessment.** Annual Assessment means a charge against the Owners and their Condominiums representing their share of the Common Expenses. The Annual Assessment is a regular assessment levied in accordance with California Civil Code Section 5600, *et seq.*

1.1.4. **Articles of Incorporation.** Articles of Incorporation means the Articles of Incorporation of the Association. A copy of the Articles of Incorporation is attached as *Exhibit B* in form currently in effect as of the date of Recordation hereof. The Association may from time to time amend the Articles of Incorporation without need to amend this Declaration. In such event, the amended Articles of Incorporation shall control over the version attached hereto.

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

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

1.1.7. **Association Maintenance Areas.** Association Maintenance Areas means those Improvements within the Condominiums or other real property which are not owned in fee by the Association but which are designated for maintenance by the Association and over which the public does not have any rights of access, ingress or egress or use. The Association Maintenance Areas in the Community are for the exclusive use of the Owners of such Condominiums, as applicable, over which such Association Maintenance Areas are located.

(a) **Generally.** The Association Maintenance Areas in a Phase may include the structural integrity, footing, cap and exterior surface (facing away from the Residence) of those portions of the Community Walls in one or more Phases.

(b) **Phase 1 Association Maintenance Areas.** The Association Maintenance Areas in Phase 1 consist of those portions of the Community Walls described in Section 1.1.7(a) above, if any, applicable to the Units included within Phase 1, as shown on *Exhibit D* attached hereto.

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

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

1.1.9. **Association Property.** Association Property means real or personal property designated by the Declarant or the Board as Association Property and therefore made subject to the restrictions on Association Property established in the Governing Documents. Any references in this Declaration to Association Property are references to the Association Property as a whole and to portions thereof.

(a) **Generally.** The Association Property in a Phase consists of all the real property described as Association Property in the Condominium Plan for the Phase, and such additional real property, Improvements, personal property and easements as may be designated Association Property in this Declaration or in a Supplemental Declaration. The Association Property in the Community includes the following:

(i) Association Property Improvements. Landscaped and irrigated areas, entry monumentation, paseos, clustered mailboxes, central trash receptacles, Guest Parking Spaces, Private Streets, Community Walls, the Recreational Facilities, drainage and storm-drain Improvements, water quality treatment Improvements not located within a Condominium, walkways, sidewalks, enhanced hardscaped areas, street lights, area lighting fixtures, trees, curbs, gutters and drive approaches; and

(ii) Easements Granted to or Reserved for the Association. In addition, Association Property includes the Association Maintenance Areas defined in Section 1.1.7 above and any additional easements for access, ingress, egress, encroachment, enforcement, support, maintenance, drainage, and repair, all as reserved in the Governing Documents, or in the Map, or in other Recorded instruments, provided, however, the Association

shall only have the responsibility for maintenance of the Improvements located on or in such easements where such maintenance responsibility is assigned to the Association in a recorded Governing Document or in the Association's Budget.

(b) ***Phasing of Association Property.*** Section 1.1.9(a) is a descriptive listing of Association Property planned for the Community if it is constructed as planned. Some or all of the Association Property in the Community will be conveyed to the Association in subsequent Phases; Section 1.3 below and any Supplemental Declaration Recorded by Declarant constitute the designation of the Association Property to be made a part of Phase 1. The Association Property in the Community will be conveyed to the Association on a Phase-by-Phase basis in accordance with Declarant's development plan. In accordance with Article 16, Declarant may designate additional Association Property Improvements not listed above in one or more Phases by describing it in the Governing Documents and/or the applicable Condominium Plan, consistent with DRE regulations, the Budget and applicable law.

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

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

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

1.1.13. **Bylaws.** Bylaws means the Bylaws of the Association as currently in effect. A copy of the Bylaws as initially adopted by the Board is attached as ***Exhibit C***. The Association may from time to time amend the Bylaws without need to amend this Declaration. In such event, the amended Bylaws shall control over the version attached hereto.

1.1.14. **Capital Improvement Assessment.** Capital Improvement Assessment means a charge against the Owners and their Condominiums representing their share of the Association's costs incurred in installing, constructing, upgrading or modifying major or capital Improvements on the Association Property, and which costs are not regular scheduled maintenance costs or reserves in the adopted Budget. Capital Improvement Assessments shall be levied in the same proportion as Annual Assessments. Capital Improvement Assessments are special assessments imposed in accordance with the requirements of California Civil Code Section 5605(b).

1.1.15. **CID Act.** CID Act means the Davis-Stirling Common Interest Development Act and its successor provisions at California Civil Code Sections 4000 to 6150, or to subsequently enacted replacement statutes.

1.1.16. **Close of Escrow.** Close of Escrow means the date on which a deed is Recorded conveying a Condominium pursuant to a transaction requiring the issuance of a Public Report.

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

(a) Policies of Insurance required to be carried by the Association under Article 8;

(b) Replacement, maintenance and operation of street lights on Private Streets;

(c) Maintenance services for the Association Property, including landscape maintenance;

(d) Maintenance services for the Association Maintenance Areas;

(e) The cost of all utilities (including sewer and water) and mechanical and electrical equipment serving the Association Property, utilities which serve individual Condominiums but which are furnished through common meters, and trash collection and removal from central trash receptacles;

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

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

(h) The cost of fire alarm monitoring and sprinkler system testing and maintenance in the building enclosing certain Recreational Facilities;

(i) The cost of Association maintenance and performance of BMPs specified in the Storm Water Pollution Prevention Plan, including those discussed in Section 2.3 below, to the extent applicable to the Association Property, including regular inspection and maintenance of stormwater treatment facilities including silt removal, replacement of filter media, debris removal, and education, all as applicable;

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

(k) Taxes paid by the Association;

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

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

1.1.18. **Community.** Community means (a) Phase 1 and (b) each subsequent Phase as defined below. The Community is a “condominium project” as defined in California Civil Code Section 4125, a “planned development,” as defined in California Civil Code Section 4175, and a “common interest development” as defined in California Civil Code Section 4100. Any references in this Declaration to the Community are references to the Community as a whole and to portions thereof. If all Phases of the Community are annexed as presently planned, the Community will include eighty (80) Units.

1.1.19. **Community Wall.** Community Wall means any perimeter walls, sound walls, retaining walls, and fences in the Community that are maintained entirely or partially by the Association. Any Party Walls, porch walls or other outdoor fences or walls that are maintained entirely by Owners are not Community Walls. The Community Walls in Phase 1, if any, are shown on *Exhibit D*. Declarant may designate additional Community Walls in a Notice of Addition or Supplemental Declaration. Community Walls in the Community in general (a) are constructed on or along a tract boundary; or (b) are constructed entirely within Association Property, or (c) are designated as a Community Wall by Declarant in this Declaration, or in a Notice of Addition or Supplemental Declaration. In general, fences or walls separating one Condominium from another are Party Walls, not Community Walls unless shown on an exhibit attached hereto or to a Notice of Addition. The obligation to maintain Community Walls in a particular Phase will not arise until the commencement of Annual Assessments in the Phase or as otherwise directed in this Declaration, or in a Notice of Addition or Supplemental Declaration notwithstanding its depiction in this Declaration or in a Notice of Addition or Supplemental Declaration.

1.1.20. **Conditions of Approval.** Conditions of Approval means the “Riverside County PLUS Conditions of Approval” for TR37153 (Parcel: 290060024) dated August 7, 2018.

1.1.21. **Condominium.** Condominium means an estate in real property as defined in California Civil Code Section 4125. A Condominium consists of an undivided fee-simple ownership interest in the Condominium Common Area in a Phase, together with a separate ownership interest in fee in a Unit and all easements appurtenant thereto. The undivided fee-simple interest in the Condominium Common Area in a Phase is appurtenant to each Unit in such Phase and is a fraction having one (1) as its numerator and the number of Units in that Phase as its denominator; and it shall be held by the Owners of Condominiums in that Phase as tenants-in-common.

1.1.22. **Condominium Common Area.** Condominium Common Area means the volumes of airspace described in the Condominium Plan for each Phase, which shall be owned by the Owners of the Units in the Phase as tenants-in-common. Any references in this Declaration to Condominium Common Area are references to the Condominium Common Area

as a whole and to portions thereof. The Condominium Common Area in each Phase constitutes the "undivided interest-in-common in a portion of the real property," in accordance with California Civil Code Section 4125.

1.1.23. **Condominium Plan.** Condominium Plan means the Recorded plan, as currently in effect, for a Phase consisting of (a) a description or survey map of the Phase or portion thereof, which shall refer to or show monumentation on the ground, (b) a three dimensional description of the Phase or portion thereof, one or more dimensions of which may extend for an indefinite distance upwards or downwards in sufficient detail to identify the Association Property, Condominium Common Area and each Unit, and (c) a certificate consenting to the Recordation thereof signed and acknowledged by the record owner of fee title to the Phase or portion thereof, and by either the trustee or the Mortgagee of each Recorded Mortgage encumbering the Phase or portion thereof. The Condominium Plan for the last Phase in the Community shall also approximately show and describe the Private Streets in the Community.

1.1.24. **County.** County means Riverside County, California, and its various departments, divisions, employees and representatives. If the Community is eventually annexed into an incorporated city, then the term shall include the city to which the Community has been annexed.

1.1.25. **Declarant.** Declarant means TAYLOR MORRISON OF CALIFORNIA, LLC, a California limited liability company, its successors and any Person to which it shall have assigned the right to act as Declarant by an express written assignment. As used in this Section, "successor" means a Person who acquires Declarant or substantially all of Declarant's assets by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise. Declarant shall determine in its sole discretion the time, place and manner in which it discharges its obligations and exercises the rights reserved to it under this Declaration. Declarant is a "builder" as described in California Civil Code Section 6000.

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

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

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

1.1.29. **DRE.** DRE means the California Department of Real Estate and any department or agency of the California state government which succeeds to DRE's functions.

1.1.30. **Duet Residence.** Duet Residence means either of the two (2) Residences constructed in close proximity to each other with the exterior of each garage wall being constructed near the boundary line separating the two (2) Condominium Units. Duet Residences are located on separate Condominium Units and are separated at the garage walls by an approximately two-inch gap over which the Expansion Joint is constructed. **"Expansion**

Joint means the shared expansion joint/flashing and closure features originally constructed by Declarant above the air gap separating the garage walls of each Duet Residence from the Adjacent Duet Residence creating the appearance of an attached structure; however, the Duet Residences' slabs, walls and roof are structurally independent and are separated by the air space gap.

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

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

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

1.1.34. **FHA Requirements.** FHA Requirements means, collectively, the requirements applicable to the Community as set forth in (a) the U.S. Department of Housing and Urban Development (HUD) FHA Single Family Housing Policy Handbook (Handbook 4000.1) and (b) the HUD Condominium Regulations of the National Housing Act, Title 24 CFR Part 203, all as updated, amended, restated, revised or replaced from time to time.

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

1.1.36. **First Mortgage.** First Mortgage means a Mortgage with first priority over other Mortgages on a Condominium.

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

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

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

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

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

1.1.42. **Guest Parking Spaces.** Guest Parking Spaces means those portions of the Association Property consisting of onsite, uncovered guest parking spaces that are available on a first-come-first-served basis for short-term use by residents and invitees of residents only, as

further described in Section 2.12.4 below. Guest Parking Spaces shall be marked as "guest" or "visitor" and may also include on-street parking spaces. Guest Parking Spaces shall also be marked indicating that use of such Guest Parking Spaces is limited to no more than 72 hours in any seven day period.

1.1.43. **HUD.** HUD means the United States Department of Housing and Urban Development and its successor agencies.

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

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

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

1.1.47. **Maintain, Maintenance.** Whether capitalized or not, maintain and maintenance mean "maintain, repair and replace" and "maintenance, repair and replacement," respectively; provided however, that maintain or maintenance shall not include repair and replace(ment) where the context or specific language of this Declaration provides another meaning.

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

1.1.49. **Manager.** Manager means the Person retained by the Association to perform management functions of the Association as limited by the Governing Documents and the terms of the agreement between the Association and the Person. The Manager shall at all times be a professional manager employed as an independent contractor or agent working at its own place of business.

1.1.50. **Map.** Map means the final recorded map of Tract No. 37153, Filed in Book _____, at Pages ____ to ____, inclusive, of Maps, in the Office of the Riverside County Recorder.

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

1.1.52. **Model Units.** Model Unit means a Unit that is being used by Declarant as a sales model, office, design center, or for a similar purpose, with or without a Model Leaseback Agreement.

1.1.53. **Model Unit Sale.** Model Unit Sale means the initial sale of a Model Unit by Declarant in a transaction requiring a Public Report, subject to a Model Leaseback Agreement.

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

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

1.1.56. **Mortgage.** Mortgage means any Recorded document, including a deed of trust, by which a Condominium, Condominiums, or Association Property is/are hypothecated to secure performance of an obligation.

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

1.1.58. **Mortgagee Majority.** Mortgagee Majority means the First Mortgagees holding First Mortgages that in the aggregate encumber at least fifty-one percent (51%) of the Condominiums that are subject to Mortgages. For purposes of any provisions of the Governing Documents which requires the vote or approval of a Mortgagee Majority, such vote or approval is determined based on one (1) vote for each Condominium encumbered by a First Mortgage held by a First Mortgagee.

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

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

1.1.61. **Notice of Addition.** Notice of Addition means a Recorded Supplemental Declaration which satisfies the requirements of Section 16.4 for instruments annexing additional real property to the Community.

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

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

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

1.1.65. **Party Wall.** Party Wall means any wall or fence that is constructed by Declarant between adjacent Condominiums (whether or not constructed on the legal property boundary). Party Walls are not Community Walls.

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

1.1.67. **Phase.** Phase means the real property and Improvements described and designated a Phase of the Community in this Declaration or in a Recorded Supplemental Declaration, the Units of which are described in a Public Report. For purposes of interpreting each Condominium Plan, the term Phase means and refers to the real property described and depicted within its boundaries, together with such additional real property as may be designated a part of the Phase in this Declaration or in a Recorded Supplemental Declaration.

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

1.1.69. **Private Street.** Private Street means any private drive and Guest Parking Spaces in a Phase, as approximately shown on one (1) or more Condominium Plans for the Community.

1.1.70. **Production Unit.** Production Unit means a Lot that is not a Model Unit.

1.1.71. **Public Report.** Public Report means the Final Subdivision Public Report issued by DRE for any Phase.

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

1.1.73. **Record or File.** Record or File means, concerning any document, the entry of such document in Official Records.

1.1.74. **Recreational Facilities.** Recreational Facilities means certain recreational facilities located near the center of the Community which are planned to include a

recreation center building (with pool and restrooms), one (1) or more tot lots and open play areas, barbeques, benches and paseos, a trellis and additional landscaped and hardscaped Improvements. The Association will own and maintain the Recreational Facilities as part of the Common Expenses.

1.1.75. **Reserve Fund.** Reserve Fund means that portion of the Common Expenses allocated for the future repair and replacement of, or additions to, structural elements, mechanical equipment and other major components of Association-maintained Improvements.

1.1.76. **Residence.** Residence means the residential structure constructed within the Unit. Subject to applicable laws governing Accessory Dwelling Units or Junior Accessory Dwelling Units as defined in Sections 65852.2 and 65852.22 of the California Government Code, respectively, the term excludes the garage area.

1.1.77. **Right to Repair Law.** Right to Repair Law means California Civil Code Sections 895 through 945.5

1.1.78. **Right to Repair Law Claim.** Right to Repair Law Claim means any claim brought by one or more Owners or by the Association against one or more Declarant Parties (as defined in Section 12.4) on any design construction defect matters that are governed by the Right to Repair Law.

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

1.1.80. **Sideyard Benefited Unit.** Sideyard Benefited Unit means a Unit that is benefited by an appurtenant Sideyard Easement reserved by Declarant in Section 6.1.14 of this Declaration over an adjacent Sideyard Burdened Unit. The Sideyard Benefited Units in Phase 1 are designated in Section 1.3.3. The Sideyard Benefited Units in Phase 1 are approximately depicted on *Exhibit E*. Sideyard Benefited Units in each subsequent Phase will be designated and depicted in the applicable Notice of Addition or Supplemental Declaration.

1.1.81. **Sideyard Burdened Unit.** Sideyard Burdened Unit means a Unit on which a Sideyard Easement has been reserved by Declarant in Section 6.1.14 of this Declaration. The Sideyard Burdened Units in Phase 1 are designated in Section 1.3.4. The Sideyard Burdened Units in Phase 1 are approximately depicted on *Exhibit E*. Sideyard Burdened Units in each subsequent Phase will be designated and depicted in the applicable Notice of Addition or Supplemental Declaration.

1.1.82. **Sideyard Easement.** Sideyard Easement means a portion of a Sideyard Burdened Unit over which Declarant has reserved a nonexclusive easement for access for maintenance of the Residence, landscaping and any fencing constructed on a Sideyard Benefited Unit (as further described in Section 6.1.14) or on the border between the Sideyard Benefited Unit and the Sideyard Burdened Unit for the benefit of and appurtenant to the adjacent Sideyard Benefited Unit.

1.1.83. **Special Assessment.** Special Assessment means each of the following:

(a) A reasonable monetary penalty imposed against an Owner and the Owner's Condominium in accordance with California Civil Code Section 5725(b), as a disciplinary measure for the failure of an Owner to comply with the Governing Documents (but which may not be characterized nor treated in the Governing Documents as an Assessment that may become a lien enforceable by sale of the Condominium); or

(b) A monetary charge imposed against an Owner and the Owner's Condominium in accordance with California Civil Code Section 5725(a) to recover costs incurred by the Association (i) to bring an Owner and the Owner's Condominium into compliance with the Governing Documents, or (ii) in the repair of damage to Association Property caused by the Owner or the Owner's Family, contractors, residents, tenants or guests, all as further described in the CID Act and this Declaration. Provided, however, that in accordance with Section 2792.26(c) of Title 10, Chapter 6, California Code of Regulations, monetary charges described in this Section (b) which are imposed before the last Close of Escrow in the Community or Annexable Area may not be characterized or treated as a lien enforceable by judicial foreclosure and sale of the Condominium; or

(c) A Capital Improvement Assessment; or

(d) A Reconstruction Assessment; or

(e) Any other Assessment or increase imposed pursuant to California Civil Code Section 5610 to pay an extraordinary expense or to make up a shortfall in any Operating Fund or Reserve Fund or for other purposes permissible thereunder.

1.1.84. **Storm Water Pollution Prevention Plan.** Storm Water Pollution Prevention Plan means the "Storm Water Pollution Prevention Plan" for the Community dated June 21, 2022, as amended from time to time, and that includes details of the structural and nonstructural "best management practices" or "BMPs" for the prevention and control of stormwater runoff and pollutants into public storm drains.

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

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

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

1.1.88. **Unit.** Unit means a separate interest in space as defined in California Civil Code Section 4125. Each Unit is a separate freehold estate, as separately shown, numbered and designated in the Condominium Plans. Each Unit consists of all of the land, air and Improvements within the boundaries shown on the Condominium Plan for such Unit, including buildings, porches, yards, landscaping, fences, walls and utility installations (subject to easements of record). The vertical and horizontal boundaries of each Unit shall be as described in the Condominium Plans. However, in interpreting deeds, declarations and plans, the following shall apply in the case of Improvements constructed or reconstructed at Unit boundaries in accordance with the Condominium Plans or the original plans for the Unit:

(a) if a Community Wall is coterminous with a Unit boundary described in the Condominium Plans, then the finished surface of the Community Wall that faces the Unit shall be conclusively presumed to be a lateral boundary of the Unit;

(b) where a Party Wall is coterminous with a Unit boundary described in the Condominium Plans, then the lateral boundaries of the Units separated by such Party Wall shall be deemed to extend to the center of the Party Wall as constructed; and

(c) if the perimeter wall of a Residence is coterminous with a Unit boundary as described in the Condominium Plans, then such wall is not a Party Wall. The lateral boundaries of the Unit on which the Residence is constructed shall be deemed to extend through such perimeter wall to its exterior-facing surface. In such case, the adjoining Unit shall be deemed to extend up to but not include the exterior-facing surface of such Residence perimeter wall, and the Owner of the adjoining Unit shall have no ownership interest in such Residence perimeter wall.

The foregoing shall apply to Improvements constructed or reconstructed in substantial accordance with the original plans for the Unit (if available), and it shall apply notwithstanding (a) any description expressed in the deed, the Condominium Plans or this Declaration, (b) the settling or lateral movement of Improvements, or (c) variances between the Condominium Plans or the deed and the actual location of the Improvement.

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

1.1.90. **VA Requirements.** VA Requirements means Chapter 16 of VA Pamphlet 26-7 and the regulations at 38 Code of Federal Regulations Sections 36.4360 through 36.4367.

1.2. INTERPRETATION.

1.2.1. **General Rules.** This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for subdividing, maintaining, improving and selling the Community. As used in this Declaration, the singular includes the plural and the plural the singular. The masculine, feminine and neuter each includes the other, unless the context dictates otherwise. Any reference in this Declaration to time of performance of obligations or to elapsed time means consecutive calendar days, months or years, as applicable, unless otherwise expressly provided.

1.2.2. **Articles, Sections and Exhibits.** The Article and Section headings are inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, any references in this Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this Declaration. *Exhibits A, D through F* attached to this Declaration are incorporated in this Declaration by this reference. The Articles of Incorporation and the Bylaws that are attached as *Exhibits B and C* are attached for informational purposes only. Either may be amended from time to time without having to amend this Declaration. In such event, the amended version shall supersede the version attached hereto. The locations and dimensions of any Improvements shown on the Exhibits attached hereto and to any Notice of Addition are approximate only and the as-built location and dimension of any such Improvements shall control.

1.2.3. **Priorities and Inconsistencies.** If there are conflicts or inconsistencies between this Declaration and the Articles of Incorporation, Bylaws, Rules and Regulations, or a Condominium Plan, then the provisions of this Declaration shall prevail; however, the conflicting documents shall be construed to be consistent with the Declaration to the extent possible. If there are any conflicts or inconsistencies between this Declaration and any Notice of Addition, the provisions of the Notice of Addition shall prevail as to the real property encumbered thereby.

1.2.4. **Supplemental Declarations.** Declarant may Record one (1) or more Supplemental Declarations, which may (a) supplement this Declaration with such additional covenants, conditions, restrictions, easements and land uses as Declarant may deem appropriate for the real property described therein or affected thereby, and (b) state Declarant's intent as to covenants, conditions, restrictions, easements and land uses in the real property described therein or affected thereby. The provisions of any Supplemental Declaration may impose such additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations as Declarant may deem advisable, taking into account the particular requirements of the real property described therein or affected thereby. If there is a conflict between any Supplemental Declaration and the Declaration, the Supplemental Declaration shall control concerning the real property described in such Supplemental Declaration. However, additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations included in a Supplemental Declaration shall be construed in a manner consistent with the purposes of the Governing Documents and the character of the Community, and shall be consistent with applicable law and development plans on file with DRE.

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

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

1.2.7. **FHA Requirements.** The FHA Requirements are incorporated herein by reference only if there are any FHA-insured Mortgages on Condominiums in the Community. While such FHA-insured Mortgages are in effect, the FHA Requirements shall control and prevail over all other provisions of the Declaration to the extent of any inconsistency between them.

1.2.8. **VA Requirements.** The VA Requirements are incorporated herein by reference only if there are any VA-guaranteed Mortgages on Condominiums in the Community. While such VA-guaranteed Mortgages are in effect, the VA Requirements shall control and prevail over all other provisions of the Declaration to the extent of any inconsistency between them.

1.3. **LAND CLASSIFICATIONS IN PHASE 1.**

1.3.1. **Units.** The Units in Phase 1 are numbered 61 to 66, inclusive, and they are shown and described in the Phase 1 Condominium Plan.

1.3.2. **Duet Residences.** The Duet Residences in Phase 1 are Units 63 and 64, as shown and described in the Phase 1 Condominium Plan.

1.3.3. **Sideyard Benefited Units.** The Sideyard Benefited Units in Phase 1 are Units 62 and 65, and are depicted on *Exhibit E* attached hereto.

1.3.4. **Sideyard Burdened Units.** The Sideyard Burdened Units in Phase 1 are Units 63 and 64, and are depicted on *Exhibit E* attached hereto.

1.3.5. **Association Property.** The Association Property in Phase 1 consists of a portion of Lot 2 of Tract No. 37153 (excepting therefrom the Units and Condominium Common Area), all as shown and described in the Phase 1 Condominium Plan.

1.3.6. **Condominium Common Area.** The Condominium Common Area in Phase 1 is shown and described in the Phase 1 Condominium Plan.

1.3.7. **Association Maintenance Area.** The Association Maintenance Areas in Phase 1 are approximately shown on *Exhibit D* attached hereto.

1.4. CONDOMINIUM PLANS FOR DIAGRAMMATIC PURPOSES ONLY.

Each Condominium Plan and the dimensions shown therein is intended to conform to California Civil Code Section 4285, which requires, in part, concerning the land and real property described therein, the inclusion of diagrammatic plans in sufficient detail to identify the Condominium Common Area and each Unit, its relative location and approximate dimensions.

The dimensions shown in the Condominium Plans are not intended to be sufficiently accurate to use for sales, leasing or appraisal purposes, or for computation of the volume of any portion of the Units shown in the Condominium Plans. The diagrammatic plans contained therein intentionally omit information with respect to the Improvements constructed within the Units.

The actual locations and dimensions of the Unit or Condominium Common Area are all dependent on the Improvements as they were actually constructed, and there may be variances due to field conditions. There may also be variances among Condominiums of the same floor plan.

A CONDOMINIUM PLAN IS NOT A REPRESENTATION OR WARRANTY BY DECLARANT OR ITS CONSULTANTS AS TO THE ACTUAL LOCATIONS OR DIMENSIONS OF THE UNIT, CONDOMINIUM COMMON AREA OR ASSOCIATION PROPERTY SHOWN THEREIN. IN ALL INSTANCES, THE ACTUAL LOCATIONS AND DIMENSIONS OF THE IMPROVEMENTS AS CONSTRUCTED WILL CONTROL OVER LOCATIONS OR DIMENSIONS DISCLOSED IN A CONDOMINIUM PLAN. THE ONLY RELIABLE DETERMINATION OF THE VOLUME OF A UNIT, CONDOMINIUM COMMON AREA OR ASSOCIATION PROPERTY IS A DETERMINATION MADE FROM ON-SITE MEASUREMENTS OF THE IMPROVEMENTS AS THEY ARE CONSTRUCTED.

ARTICLE 2

MAINTENANCE COVENANTS AND USE RESTRICTIONS

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

2.1. REPAIR AND MAINTENANCE BY OWNERS. Each Owner shall maintain the Owner's entire Unit (except for any Association Maintenance Areas to be maintained by the Association or Improvements that are designated for maintenance by a governmental entity or utility provider in a Recorded map, Recorded document or in a Governing Document) and the Residence and all other Improvements on the Owner's Unit, in a safe and sanitary condition and good repair, and as directed in the Governing Documents and all applicable Maintenance Guidelines. Each Owner shall immediately notify the Association of any dangerous, defective or other condition which could cause injury to persons or damage to property in such Owner's Unit, the Units of other Owners, and Association Property. Unless other arrangements are approved by the Board, all Owner-installed Improvements must be maintained by the Owner who installed the Improvements.

2.1.1. Maintenance Requirements for Certain Improvements

(a) **Landscaping.** All Owner-maintained landscaping that is visible from other Units or from the Association Property shall be properly maintained, evenly cut, evenly edged, free of bare or brown spots, debris and weeds above the level of the lawn, all in accordance with the Maintenance Guidelines. Dead vegetation shall promptly be replaced with healthy, living plants in accordance with standard seasonal planting practices. All trees and shrubs shall be trimmed so they do not impede pedestrian traffic and root-pruned to prevent root damage to sidewalks, driveways and structures.

(b) **Perimeter Walls.** Each Owner shall maintain all sides and surfaces and the structural integrity of that portion of any wall which encloses the Owner's Unit and is not a Community Wall. If a portion of a wall on an Owner's Unit is damaged or destroyed, the Owner of the damaged portion must promptly repair or reconstruct the damaged portion using the same design and identical or substantially equivalent materials as used in the original construction.

(c) **Party Walls.** The Party Walls in the Community are the walls or fences separating adjacent Units. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply.

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

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

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

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

(d) **Community Walls.** The Owner of any Unit that is partially or completely enclosed by a portion of a Community Wall (whether constructed on the Unit or adjacent to the Unit) is responsible for maintaining only the Residence-facing surface of the

Community Wall. No Owner may modify or remove any tubular steel or wrought iron portions of any Community Wall, wherever located. No Owner shall place any personal property (e.g., flower pots, wet towels, laundry, rugs, athletic equipment or other personal or household items) on or over a Community Wall.

(e) **Lighting on Residence Exteriors.** Lighting fixtures installed on the exterior of Residences (including those on the garage) ("**Exterior Lighting Fixtures**") illuminate portions of the Units and surrounding Association Property. Each Owner is solely responsible for maintaining the Exterior Lighting Fixtures located on such Owner's Unit, as applicable. Owners acknowledge that the Exterior Lighting Fixtures are connected to the electrical meter for the Residence and that the electricity needed to operate the Exterior Lighting Fixtures is supplied by the Owner's Unit. Owners are prohibited from disabling or tampering with the Exterior Lighting Fixtures.

(f) **Fire Sprinklers.** The Residences are equipped with fire sprinkler systems. Each Owner shall maintain the fire sprinkler system within their Residence in accordance with the Maintenance Guidelines. Keep sources of direct heat away from fire sprinklers. Owners should repair any leaking or malfunctioning fire sprinklers immediately to avoid damage to their Residence.

(g) **Carbon Monoxide Detectors/Smoke Detectors/Fire-Life Safety Systems.** Fire-life safety systems installed in the Condominiums may include carbon monoxide detectors, smoke detectors and fire sprinklers, among other Improvements. Owners are responsible for maintaining the carbon monoxide detectors and smoke detectors and ensuring that they are kept in working order. Owners shall not interfere with or disable the function of the sprinkler heads, pipes, pressure gauges, carbon monoxide detectors, smoke detectors or any other portion of the fire-life-safety system. By acceptance of a deed to a Condominium, each Owner acknowledges that Declarant is not responsible for any damage to the Owners' Condominium or to the Association Property to the extent caused by an Owner's failure to maintain the carbon monoxide or smoke detectors or interference with the operation of the sprinkler heads, pipes or pressure gauges, or any other portion of the fire-life safety system.

(h) **Graffiti Removal.** Each Owner shall paint over any graffiti located on the Owner's Residence, any portion of a Community Wall facing the Owner's Residence, and any portion of a Party Wall facing the Owner's Residence, to match existing walls in color and tone within twenty-four (24) hours of discovery or upon notification by the County. In the event that the paint finish of the remediated area is noticeably distinguishable from the rest of the structure, the Owner shall paint additional portions of the structure to minimize the disparity.

(i) **Other Responsibilities.**

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

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

(iii) Prior to Close of Escrow for a Unit, each Owner shall complete an acknowledgment confirming receipt of the Storm Water Pollution Prevention Plan.

2.1.2. **Duet Residences.** The provisions of this Section 2.1.2 shall apply to all Owners of Duet Residence in the Community and shall be in addition to any other provisions in this Declaration related to Owners' maintenance obligations in the Community.

(a) **Expansion Joint.** By acceptance of a deed to a Duet Residence, each Duet Residence Owner acknowledges that the Owner's Duet Residence is constructed in close proximity to an Adjacent Duet Residence on separate Condominium Units and are separated at the garage walls by an approximately two-inch gap over which an Expansion Joint is constructed. The "**Expansion Joint**" is a shared expansion joint/flashing and closure feature originally constructed by Declarant over and above the air gap separating the garage walls of each Duet Residence from the Adjacent Duet Residence. The Expansion Joint creates the appearance of an attached structure; however, the Duet Residences' slabs, walls and roof are structurally independent and are separated by the two-inch air space gap. To the extent not inconsistent with the provisions of this Section, the general rules of law shall apply regarding joint structures and liability for damage due to negligence or willful acts or omissions. To the extent of any inconsistency between the provisions of this Section and any other provisions in this Declaration, the provisions set forth in this Section shall control.

(b) **Maintenance, Repair, Replacement and Reconstruction Responsibilities of Individual Owners.** Each Owner ("**Maintaining Owner**") is solely responsible, at such Maintaining Owner's sole cost and expense, to maintain, repair, replace and reconstruct the following:

(i) Any damage to the Duet Residence, the Adjacent Duet Residence, the Expansion Joint or to the Improvements located on any Duet Residence, that is caused by the negligence or willful act of the Maintaining Owner or the Maintaining Owner's Family, tenants, contractors or invitees;

(ii) The Expansion Joint that lies within boundaries of the Maintaining Owner's Duet Residence;

(iii) Any damage to the Expansion Joint that affects only the Maintaining Owner's Duet Residence, as determined by a qualified licensed contractor ("**Licensed Contractor**") (except to the extent caused by the negligence or willful act of the Adjacent Duet Residence Owner or the Adjacent Duet Residence Owner's Family, tenants, contractors or invitees);

(iv) The exterior walls and trim of each Duet Residence shall be painted the same colors and the roof covered with the same materials (including color) as used on the Adjacent Duet Residence.

(v) The Maintaining Owner under this Section 2.1.2(b) shall not be required to give the Adjacent Duet Residence Owner prior notice of any routine maintenance affecting only the Maintaining Owner's Duet Residence or Condominium Unit. However, prior to work which constitutes repair or restoration of the Maintaining Owner's Duet Residence, or which affects the structural integrity of the Expansion Joint, or which may affect the use and enjoyment of the Adjacent Duet Residence, then the Maintaining Owner shall provide advance notice to and obtain the prior written consent of the Adjacent Duet Residence Owner (pursuant to Section 2.1.2(c) below) and shall make reasonable attempts to schedule and perform the work in a way that will minimize the impact of the work on the occupants of the Adjacent Duet Residence. Notwithstanding the foregoing, no Adjacent Duet Residence Owner approvals shall be required for maintenance of paint, trim, wall finishes or roof material on a Maintaining Owner's Duet Residence so long as the materials used are the same as those originally used by Declarant in constructing the Duet Residence. The Maintaining Owner shall be responsible for obtaining any required approvals of the Association Design Review Committee in accordance with this Declaration.

(c) ***Restriction on Repairing or Rebuilding Adjacent Duet Residences.*** Each Owner of a Duet Residence shall comply with the following requirements in the event it is necessary to rebuild, restore or repair the Expansion Joint:

(i) A two inch (2") gap between the exterior cladding of the fire wall of the Duet Residence, and the exterior cladding of the fire wall of the Adjacent Duet Residence being repaired or rebuilt shall be maintained at all times;

(ii) Weather protection features originally installed by Declarant, including the Expansion Joint, shall be restored or replaced in accordance with the requirements of the County;

(iii) The seismic separation originally installed by Declarant between the Adjacent Duet Residences shall be maintained. This separation, which is the net clear distance between the finish surfaces of Adjacent Duet Residence, is based on the intended structural performance of each Duet Residence.

(iv) Any future modification of either Duet Residence which affects future structural stiffness, capacity or loading may only be permitted after a qualified licensed design professional demonstrates the modifications do not result in any displacement or other impact to any Adjacent Duet Residence.

(d) ***Joint Maintenance, Repair, Replacement and Reconstruction Responsibilities of Individual Owners.*** Except for maintenance, repair, replacement and reconstruction that are the responsibility of an individual Maintaining Owner above, the cost of the maintenance, repair, replacement and reconstruction of the Expansion Joint (including all government and other approvals) shall be shared equally by both Owners in accordance with the provisions set forth below. If an Owner ("***Initiating Owner***") determines that it is reasonably necessary to perform maintenance, repair, replacement or reconstruction of the Expansion Joint, the Initiating Owner shall: (i) provide the Adjacent Duet Residence Owner at least fifteen (15) calendar days' prior written notice of the proposed work and the estimated cost thereof (as set

forth in a written bid by a Licensed Contractor); and (ii) provide the Adjacent Duet Residence Owner with an opportunity to obtain separate bids from other Licensed Contractors for the work. If the Adjacent Duet Residence Owner elects to obtain additional bids, all such bids must be received no later than thirty (30) days after the date of the Initiating Owner's delivery of the notice of the proposed work. Unless the Owners of both Duet Residences otherwise agree, the Licensed Contractor with the lowest bid shall be used for the work and the Expansion Joint shall be repaired rather than replaced when a repair is a feasible alternative as determined by a Licensed Contractor. If the Adjacent Duet Residence Owner elects not to obtain additional bids during the initial 15-day period, then the Initiating Owner shall immediately proceed with the proposed work, unless the parties otherwise agree, and the parties shall share the costs of the work in accordance with this Section. Notwithstanding the foregoing, in the event of an emergency, an Owner may effect immediate, necessary repair (but not a replacement) of the Expansion Joint without the notice and bid requirements set forth above. For purposes of this Section, an "emergency" is defined as a situation when a repair or maintenance is immediately necessary to protect either Duet Residence from immediate further damage or to prevent any injury to any person.

(e) ***Termite Eradication.*** Both Owners shall undertake a program for the prevention and eradication of termites and other wood-destroying pests and organisms within their respective Duet Residence, including the periodic inspection of the Duet Residence by a qualified pest-control professional. If infestation eradication measures require a Duet Residence to be vacated, then the Owner of the infested Duet Residence, on not less than twenty (20) and more than thirty (30) days prior written notice, shall notify the Adjacent Duet Residence Owner of the date, time and duration of the treatment, and of the fact that the Adjacent Duet Residence Owner and the occupants of the Adjacent Duet Residence may also be required to temporarily vacate the Adjacent Duet Residence to accommodate such eradication measures. The occupants of each Duet Residence so vacated shall each be responsible for their own accommodations during any temporary relocation. Any damage caused directly by Persons performing such eradication measures shall be the responsibility of the Owner contracting for the eradication measures.

(f) ***Restrictions and Covenants Regarding Use of a Duet Residence.*** Each Owner of a Duet Residence covenants for himself and for the members of his family, his contract purchasers, tenants, guests and invitees, not to use any portion of the Duet Residence in any way, or to engage in any activity within the Duet Residence which constitutes a nuisance to the Adjacent Duet Residence under this Declaration or under applicable law, or causes interior levels of noise or vibration to exceed those customarily associated with household uses and activities. No Person may install any built-in or surface-mounted loudspeakers or other sound-generating device in, on or against any garage wall separating Adjacent Duet Residence.

(g) ***Restrictions on Modification of the Expansion Joint.*** No Person may remove, puncture, pierce, modify, repair, or otherwise alter any portion of any Expansion Joint without first obtaining: (i) written approval from the Owner of the Adjacent Duet Residence; (ii) any and all County approvals required under all applicable ordinances, codes and regulations, including zoning laws, building and safety codes, fire codes and applicable inspection and permit requirements, and (iii) the written approval of the Association Design Review Committee in accordance with this Declaration. All such approvals must be

obtained at the sole cost of the Owner who seeks to perform the work, prior to commencing any work, subject to the right to recover costs for restoration of damage flowing from the negligence, willful acts, or omissions of the neighboring Owner, or the neighboring Owner's Family, tenants, contractors or invitees, under Section 2.1.2(b) above.

(h) **Indemnity.** By accepting a deed to a Duet Residence, each Owner of a Duet Residence agrees to indemnify and hold free and harmless the Owner of the Adjacent Duet Residence for all claims of damage to property, personal injury and death occasioned by the exercise of the easements provided in Section 6.1.13, except to the extent the damage, injury or death is caused by the other Owner's negligence or willful act.

(i) **Mechanic's Liens.** An Owner of a Duet Residence shall not permit to be placed against another Owner's Adjacent Duet Residence or garage or any other portion of the Community, any mechanics', materialmen's, contractors' or subcontractors' liens arising out of the work of any maintenance, repair, replacement, restoration of the Expansion Joint, or any other claim or demand. Each Owner shall pay or cause to be paid all such liens, claims or demands before any action is brought to enforce the same against the Adjacent Duet Residence or any Association Property in other portions of the Community. If any Owner fails to remove such mechanics' lien, the Board may discharge the lien and charge the Owner a Special Assessment for such cost of discharge. Each Owner shall indemnify, protect, defend and hold the other Owner and the other Owner's Unit free and harmless from all liability for any and all such liens, claims and demands together with reasonable attorneys' fees and all reasonable costs and expenses incurred.

(j) **Duet Residences; Sound and Vibration Disclosure.** By accepting a deed to a Duet Residence, each Duet Residence Owner is deemed to understand that the Expansion Joint and other Improvements adjacent to the Adjacent Duet Residence may transmit noise and vibrations from the Adjacent Duet Residence. Declarant has made no warranty that the Expansion Joint or any other Improvement will prevent all sound and vibration originating in one Duet Residence from transmitting to the Adjacent Duet Residence.

2.1.3. **Association Power to Perform Owner Obligations.** If an Owner fails to maintain any Improvement that the Owner is obligated to maintain, the Association has the power, but not the duty, to perform the maintenance at the Owner's expense. In an emergency, the Association may perform the maintenance immediately; in all other cases, the Association may perform the maintenance after Notice and Hearing. For purposes hereof, an "emergency" is any situation in which the Association's Manager or the Board reasonably determines that there is an imminent threat of injury to persons or damage to property.

2.1.4. **Disputes Regarding Maintenance Obligations.** Disputes between Owners or between any Owner and the Association regarding maintenance shall be resolved in accordance with the enforcement process described in Section 12.1.

2.1.5. **Damage by Owners.** Each Owner is liable to the Association for all damage to the Association Property that is sustained due to the negligence or willful act of the Owner, the Owner's Family, contractors, residents, tenants or invitees, and any other Persons who derive their use of the Association Property from the Owner or from the Owner's Family,

contractors, residents, tenants or invitees. The Association may, after Notice and Hearing, levy against the Owner a Special Assessment representing a monetary charge imposed as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Association Property and facilities for which the Owner or the Owner's Family, contractors, residents, tenants or invitees were responsible. The amount of the Special Assessment may include (a) the amount of any deductible payable on the insured portion of the loss (if the Association elects to make a claim under its insurance policy), (b) all costs and expenses actually incurred by the Association to correct damage that is not covered by the Association's insurance or for which no claim has been made, and (c) the amount of the increase in premiums payable by the Association, to the extent the increase is directly caused by damage that was attributed to the Owner or the Owner's Family, contractors, residents, tenants or invitees. In accordance with California Civil Code Section 5725(a), the Association shall have the power to impose a lien for the foregoing Special Assessment. If a Condominium is jointly owned, the liability of its Owners for damage to Association Property is joint and several, except to the extent that the Association and the joint Owners have otherwise agreed in writing.

2.2. REPAIR AND MAINTENANCE BY ASSOCIATION. The Association shall maintain everything it is obligated to maintain (including Association Maintenance Areas) in a clean, sanitary and attractive condition reasonably consistent with the level and frequency of maintenance reflected in the current adopted Budget; provided, however, that the Association shall at all times at least perform the level and frequency of maintenance specified in the applicable Maintenance Guidelines and the County's Municipal Code.

2.2.1. Commencement of Association Maintenance Obligations. The Association's obligation to maintain the Association Property in a Phase commences on the date on which Annual Assessments commence on the Units in the Phase, unless the terms of the Governing Documents applicable to the particular Association Property provide otherwise. Until the Association is responsible for maintaining the Association Property in the Phase, Declarant shall maintain such Association Property. The obligation to maintain any Association Property which is annexed to the Community independent of Units shall commence on conveyance of such Association Property to the Association by grant in fee or by easement for maintenance.

2.2.2. Acceptance of Association Property; Exoneration of Security. The Association must accept ownership of and maintenance responsibility for each portion of Association Property when title and maintenance responsibility are tendered by Declarant, whether in fee simple, by easement, or otherwise, and the Association shall indicate its acceptance thereof by executing the applicable deed, grantee acceptance and escrow instructions when they are tendered by Declarant.

(a) **Accrued Reserves.** If more than 30 days elapse between completion of a particular Association Property Improvement and its conveyance to the Association, the Declarant shall contribute to the Association's Reserve Fund cash representing reserves (as estimated under the then-current Budget) which have accrued on the Improvement from completion (as evidenced by a Notice of Completion under Civil Code Section 8182 or other reasonable evidence of completion) to the date of conveyance.

(b) **Exonerations.** The Association shall concurrently execute and deliver all exonerations of securities related to the Association Property when presented by Declarant, if the bonded obligations are satisfied, and without regard to any other dispute or controversy with Declarant. No Owner shall interfere with the exercise of the foregoing obligations by the Association, or with the rights or obligations of Declarant.

(c) **Pre-Turnover Inspections.** Declarant shall have the right to have a representative present at any pre-turnover inspection conducted by the Association and its Manager, and the Association shall inform Declarant with reasonable prior written notice of the time and date of such inspection, so that Declarant may arrange to have a representative present.

2.2.3. **Maintenance Requirements for Certain Improvements.** Unless specifically provided in this Declaration, the Conditions of Approval or in any Maintenance Guidelines, the Board shall determine, in its sole discretion, the level and frequency of maintenance of the Association Property. The Association shall be responsible for maintaining the Association Property and for all other maintenance not provided by the Owners pursuant to Section 2.1 above or by a Local Government Agency.

(a) **Maintenance Standards, Generally.** All site features shall be maintained so that they are safe for users. Significant pavement cracks, pavement distress, excessive slab settlement, abrupt vertical variations and debris on travel ways shall be removed or repaired promptly. Association Property shall be maintained in such a manner as to avoid the reasonable determination of a duly authorized official of the County that a public nuisance has been created by the absence of adequate maintenance such as to be detrimental to public health, safety or general welfare.

(b) **Landscaping, Generally.** All Association Property landscaping shall be properly maintained such that they are evenly cut, evenly edged, free of bare or brown spots, debris and weeds, all in accordance with the Maintenance Guidelines and the County's Municipal Code. Dead vegetation shall promptly be replaced with healthy, living plants in accordance with standard seasonal planting practices. All trees and shrubs shall be trimmed so they do not impede vehicular or pedestrian traffic. Trees shall be pruned so they do not intrude into the neighboring properties and shall be maintained so they do not have droppings or create other nuisances to the neighboring properties. All trees also shall be root pruned to eliminate exposed surface roots and damage to sidewalks, driveways and structures.

(c) **Community Walls.** The Association is responsible for maintaining all portions of a Community Wall (including graffiti removal) that do not enclose a Unit, and those that separate Association Property from public property or from other real property lying outside the Community; provided, however, the Association shall be responsible for maintaining only the interior surface of the Community Walls located along the southern boundary of the Community. In addition, the Association is responsible for maintaining the Association Maintenance Area portions of those Community Walls located on certain Units in the Community, as more particularly described in this Declaration or in a Notice of Addition.

(d) **Ingress and Egress Improvements.** The Association shall maintain all Private Streets, walkways and other means of ingress and egress in the Association

Property (but not walks or other hardscape on the Units that are not designated Association Maintenance Areas) in accordance with the Governing Documents and applicable Maintenance Guidelines.

(e) **Outdoor Lighting Maintenance.** The Association shall be responsible for maintaining exterior street lights and area lighting fixtures located on Association Property and Association Maintenance Areas and shall promptly replace nonfunctioning lights and broken or damaged lighting devices and luminaires on Association Property and Association Maintenance Areas.

(f) **Graffiti Removal.** The Association shall paint over any graffiti located on any portion of a Community Wall that does not face an Owner's Residence, to match existing walls in color and tone within twenty-four (24) hours of discovery or upon notification by the County. In the event that the paint finish of the remediated area is noticeably distinguishable from the rest of the structure, the Owner shall paint additional portions of the structure to minimize the disparity.

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

2.2.4. **Inspections.** The Board shall require strict compliance with all provisions of this Declaration and shall periodically cause the Design Review Committee to conduct a compliance inspection of the Community to discover and report any violations of the Governing Documents. The Board shall also conduct no less frequently than annually a visual inspection of the Association 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 (such Condition Inspections shall be required more frequently if directed in the Maintenance Guidelines) and performed in a manner reasonably consistent with the inspection standards established for the reserve study to be conducted pursuant to the Bylaws, although nothing in this Section requires the Board to hire consultants to perform Condition Inspections or that a reserve study be prepared in connection with each Condition Inspection. Condition Inspections shall, at a minimum:

(a) determine whether the Association Property is being maintained adequately in accordance with the standards of maintenance established in this Section 2.2;

(b) identify the condition of the Association 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.

During the period described in Section 2.2.5 below, Declarant shall be entitled to reasonable prior written notice of the Condition Inspections conducted by the Board, and shall have the right to have its representatives present to observe such Condition Inspections. 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 Association 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 2.2.4. The Board shall employ, consistent with reasonable cost management, such experts, contractors and consultants as are necessary to perform the inspections and make the reports required by this Section.

2.2.5. Reporting Requirements. The Board of the Association shall prepare for and distribute to the Owners a report of the results of the inspection required by this Section. The Board shall also furnish a copy of the same report to Declarant within the time set for furnishing the Budget to the Owners.

(a) **Contents of Report.** The report must include at least the following:

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

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

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

(iv) A summary of all reports of inspections performed by any expert, contractor or consultant employed by the Association to perform inspections since the Board's last Condition Inspection report;

(v) 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

(vi) Such other matters as the Board considers appropriate.

(b) **Delivery to Declarant.** Until the later of the date which is ten (10) years after the date of the last Close of Escrow in the Community, or 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 Board shall also furnish to Declarant (A) the report of each Condition Inspection performed for the Board, whenever such Condition Inspection is performed and for whatever portion of the Association Property that is inspected, within thirty (30) days after the completion of such Condition Inspection, and (B) the most recent Condition Inspection report prepared for

any portion of the Association Property, within ten (10) days after the Association's receipt of a written request therefor from Declarant.

2.2.6. **Damage by Owners.** Each Owner is liable to the Association for all damage to the Association Property that is sustained due to the negligence or willful act of the Owner, the Owner's Family, contractors, residents, tenants or invitees, and any other Persons who derive their use of the Association Property from the Owner or from the Owner's Family, contractors, residents, tenants or invitees. The Association may, after Notice and Hearing, levy against the Owner a Special Assessment representing a monetary charge imposed as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Association Property and facilities for which the Owner or the Owner's Family, contractors, residents, tenants or invitees were responsible. The amount of the Special Assessment may include (a) the amount of any deductible payable on the insured portion of the loss (if the Association elects to make a claim under its insurance policy), (b) all costs and expenses actually incurred by the Association to correct damage that is not covered by the Association's insurance or for which no claim has been made, and (c) the amount of the increase in premiums payable by the Association, to the extent the increase is directly caused by damage that was attributed to the Owner or the Owner's Family, contractors, residents, tenants or invitees. In accordance with California Civil Code Section 5725(a), the Association shall have the power to impose a lien for the foregoing Special Assessment. If a Condominium is jointly owned, the liability of its Owners for damage to Association Property is joint and several, except to the extent that the Association and the joint Owners have otherwise agreed in writing.

2.3. **STORMWATER POLLUTANT CONTROL.**

2.3.1. The Community is subject to all federal, state and local requirements of the National Pollutant Discharge Elimination System ("**NPDES**"), adopted in accordance with the Federal Clean Water Act. In 1999, the California State Water Resources Control Board ("**SWRCB**") enacted a new statewide General Permit for Storm Water Discharges Associated with Construction Activity (the "**General Permit**"). The General Permit imposes a comprehensive series of requirements on developers and builders to file a Storm Water Pollution Prevention Plan with the Regional Water Quality Control Board that sets forth BMPs for the design, implementation and maintenance of measures to mitigate or eliminate pollutants in storm water discharges from the Community both during and after construction of the Residences. The Association and the Owners shall comply with all applicable NPDES requirements and post-construction BMPs that may apply to the Community. The cost of the Association's maintenance of and compliance with post-construction BMPs applicable to the Association Property shall be treated as a Common Expense.

2.3.2. The Storm Water Pollution Prevention Plan for the Community contains specific maintenance requirements for post-construction operation of the BMPs. BMPs must be followed by the Owners concerning their Condominium and by the Association concerning the Association Property. The BMPs are applicable and enforceable in addition to any local ordinances established by the County and any Maintenance Guidelines imposed by the Declarant or Association relating to discharge of non-storm water into storm drains. The BMPs for the Community are set forth in the Storm Water Pollution Prevention Plan and may include among others, (a) education of Owners regarding BMPs applicable to such Owner's

Condominium and the Community, (b) training of Association employees regarding BMP requirements, (c) regular street sweeping and landscape maintenance of Association Property, and (d) regular inspection and cleaning of any catch basins, along with stenciling and signage regarding stormwater runoff. Owners and the Association should refer to the Storm Water Pollution Prevention Plan for detailed maintenance requirements.

2.4. WATER CONSERVATION MEASURES. The Governing Documents impose maintenance and irrigation requirements and appearance standards for the landscaping in the Community. All such requirements and standards shall be interpreted and enforced by Owners and the Association only in accordance with governmental water conservation measures then in effect, whether they are imposed by court decision, or by the state, the County or the water district, and whether they are in the form of executive order, statute, regulation or district water conservation ordinance. Water conservation measures may be temporary or permanent, and they may include, among other things, limits on watering hours and duration, outright prohibition of landscape watering, irrigation system design requirements, restrictions on certain plant species, and restrictions on the filling or refilling of swimming pools and spas. In the event the Community is subjected to multiple water conservation measures imposed by any or all of the foregoing governmental entities, the most restrictive shall control over the Governing Documents and over any other less-restrictive measures while it is in effect.

2.5. SINGLE-FAMILY DWELLING. Subject to applicable laws governing Accessory Dwelling Units or Junior Accessory Dwelling Units as defined in Sections 65852.2 and 65852.22 of the California Government Code, respectively, and subject to Sections 2.7 and 2.9 below, the Unit shall be used as a residential dwelling for a single Family and for no other purpose.

2.6. FURTHER SUBDIVISION. Except as otherwise provided in this Declaration, no Owner may physically or legally subdivide the Owner's Condominium in any manner, including dividing such Owner's Condominium into time-share estates or time-share uses. This provision does not limit the right of an Owner to rent or lease the Condominium pursuant to Section 2.8 below.

2.7. LEASING AND RENTAL.

2.7.1. Leasing or Rental to Declarant. Nothing in this Declaration shall be deemed to prevent an Owner from leasing or renting the Condominium to Declarant (a) for use as sales offices, model home, parking area or (b) for other residential or non-residential purposes. Declarant may not lease any portion of the Association Property to the Owners or the Association.

2.7.2. Leasing or Rental to Non-Declarant Parties. Nothing in this Declaration shall be deemed to prevent an Owner from leasing or renting the entirety of its Condominium for residential occupancy by a single Family, provided that:

(a) the terms of possession and occupancy are set out in a written lease or rental agreement, a copy of which will be provided to the Board at the commencement

of the lease or rental term and a copy of any amendment or extension will be provided at the commencement of any extension term;

(b) the lease or rental agreement is expressly made subject to this Declaration and the other Governing Documents;

(c) the lease or rental agreement shall be for a term of not less than thirty (30) days;

(d) the lessor or landlord shall not provide any services normally associated with transient occupancy (including hotel, inn, bed & breakfast, vacation rental, time-share or similar temporary lodging), such as providing meals, daily or weekly cleaning service or furnishing linens, cooking utensils or other household items; and

(e) the lease or rental agreement shall provide that all lessees, tenants, and their Families, agents and invitees are bound by the Governing Documents when present in the Community, and any violation of the Governing Documents by a lessee, tenant or their Families, agents or invitees also constitutes a default under the lease or rental agreement.

The Owner of the leased or rented Condominium shall be liable for all acts or omissions, whether negligent or non-negligent, of the lessee, tenant, other occupants of the Condominium and their Families, agents and invitees while present in the Community, and the lessor/landlord Owner shall indemnify, defend and hold harmless the Association and the other Owners in the Community from any liability arising from any such acts or omissions. Annual Assessments remain the responsibility of the lessor/landlord Owner during the term of the lease or rental agreement. A copy of this Declaration, the applicable Supplemental Declaration and any Rules and Regulations must be provided by the Owner to the lessee/tenant at the commencement of occupancy. The Association may not require that the tenant or lessee be approved by the Association, including but not limited to meeting creditworthiness standards.

2.8. **RESALE.** Nothing in this Declaration shall be deemed to prevent an Owner from (a) transferring or selling the Condominium, either to a single Person, or to more than one (1) Person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property.

2.9. **BUSINESS AND COMMERCIAL ACTIVITIES.**

2.9.1. **Generally.** No Owner or other occupant of the Community may undertake any activity in any Condominium nor use any portion of the Association Property, for any business, commercial or Non-Residential Purposes (as defined below), nor for any other purpose that is inconsistent with the Governing Documents. Such purposes include manufacturing, storage, vending, auctions, vehicle or equipment repair, entering into any lease or rental agreement or other occupancy agreement under which the Unit would be occupied by numbers of persons in excess of the maximum occupancy permitted under applicable law, and transient occupancy of the Unit (such as hotel, inn, bed & breakfast, vacation rental, time-share or similar temporary lodging). Any lease or rental agreement or other occupancy agreement for a term of fewer than thirty (30) days, and any lease or rental agreement or other occupancy agreement pursuant to which the lessor/Owner provides any services normally associated with

transient occupancy, shall be deemed to be for transient purposes and prohibited under this Declaration. All of the foregoing activities are prohibited whether they are engaged in full-time or part-time, whether they are for-profit or non-profit, and whether they are licensed or unlicensed.

2.9.2. **Exceptions.** This Section shall not be interpreted to prohibit any of the following; provided that the following uses comply with the County's Municipal Code:

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

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

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

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

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

(f) Small home-based service businesses (each, a "**Non-Residential Use**") that comply with all of the following (which include limitations and restrictions pursuant to the FHA Requirements):

(i) The total floor area used in any particular Unit for Non-Residential Uses shall not exceed twenty-five percent (25%) of the Unit's total floor area;

(ii) The aggregate floor area used for Non-Residential Uses among all the Units in the Community shall not exceed twenty-five percent (25%) of the total floor area of all Units in the Community; and

(iii) The Non-Residential Use shall be ancillary and "subordinate" (as used in the FHA Requirements) to the Owner's use of the Unit for the residential purposes described in this Declaration;

(iv) The Non-Residential Use shall be of a nature that is consistent with or "homogenous" (as used in the FHA Requirements) with residential use, meaning it does not create a nuisance to, or impose adverse conditions on, the other residents of the Community, and it is consistent with the residential nature of the Community;

(v) No unoccupied Unit may be used solely for Non-Residential Uses; in all events, the operator of any Non-Residential Use in a particular Unit must live in the Unit on a permanent, full-time basis;

(vi) When conducted in the Community, Non-Residential Use activities take place solely inside the Unit;

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

(viii) The Non-Residential Use complies with all laws, regulations and ordinances applicable to the Community, including zoning, health and licensing requirements and the County's Municipal Code;

(ix) The Non-Residential Use otherwise complies with the Declaration;

(x) The operator of the Non-Residential Use posts no business-related signage anywhere in the Community;

(xi) Other than visits by clientele or suppliers, there is no visible evidence in the Community of the Non-Residential Use;

(xii) The Non-Residential Use does not generate noise or odors that are apparent outside the Residence; and

(xiii) The Non-Residential Use does not increase the Association's liability or casualty insurance obligation or premium.

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

2.10. **NUISANCES.** Noxious or offensive activities are prohibited in the Community and on any public street abutting or visible from the Community. Any activity that exceeds the noise and vibration parameters of any ordinance enacted related to noise and vibration is prohibited. Furthermore, the Board is entitled to determine if any device, noise, odor, or activity constitutes a nuisance.

2.10.1. **Nuisance Devices.** Nuisance devices may not be kept or operated in the Community or on any public street abutting the Community, or exposed to the view of other Condominiums or Association Property. Nuisance devices include the following:

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

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

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

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

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

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

(g) The presence of any other thing in the Community which may (1) increase the rate of insurance in the Community, (2) result in cancellation of the insurance, (3) obstruct or interfere with the rights of other Owners or the Association, (4) violate any law or provisions of the Governing Documents, or (5) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.10.2. Nuisance Activities. Nuisance activities may not be undertaken in the Community or on any public street abutting the Community, or exposed to the view of other Condominiums or Association Property without the Board's prior written approval. Nuisance activities include the following:

(a) Hanging, drying or airing clothing, fabrics or unsightly articles in any place that is visible from other Condominiums, Association Property or public streets;

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

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

(d) Repair or maintenance of vehicles or mechanical equipment, except in a closed garage with adequate ventilation to maintain safety;

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

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

(g) Any activity which may (1) increase the rate of insurance in the Community, (2) result in cancellation of the insurance, (3) obstruct or interfere with the rights of

other Owners, (4) violate any law or provisions of the Governing Documents, or (5) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

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

2.11.1. **Traffic and Parking Control.** Entry monuments, Community identification signs, and traffic or parking control signs maintained by the Association;

2.11.2. **Addressing.** For each Condominium, one (1) nameplate or address identification sign which complies with Design Review Committee rules;

2.11.3. **Security.** For each Condominium, one (1) sign advising of the existence of security services protecting a Condominium which complies with Design Review Committee rules;

2.11.4. **For Sale or Lease Signs.** For each Condominium, one (1) sign advertising the Condominium for sale or lease that complies with the following requirements:

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

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

The Association may adopt in its Rules and Regulations different or additional restrictions on the design and dimensions of for sale and for lease signs, for consistency with the existing practice of the local real estate board, if any. In the event of a conflict with the foregoing, the Rules and Regulations shall prevail without having to amend this Declaration.

2.11.5. **Certain Noncommercial Signs.** For each Condominium, a noncommercial sign, poster, flag or banner must comply with the following requirements:

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

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

2.11.6. **Other Authorized Signs.** Other signs or displays authorized by the Design Review Committee, and which comply with applicable Conditions of Approval. Outdoor

display of the flag of the United States is permitted pursuant to California Civil Code Section 4705, as long as the flag and flag pole are located solely within the Owner's Unit.

2.12. **PARKING AND VEHICULAR RESTRICTIONS.**

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

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

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

2.12.4. **Parking Management Plan.**

(a) **Restricted Vehicles.** No Restricted Vehicle may be parked, stored or kept in the Community except for periods of two (2) hours or less in any twenty-four (24) hour period during loading, unloading, or emergency repairs. However, an Owner may park a Restricted Vehicle in the garage as long as the garage is kept closed and the presence of the Restricted Vehicle does not prevent Owner's other Authorized Vehicles from being parked in the garage at the same time.

(b) **Garage Parking.** Each Owner shall at all times ensure that the garage accommodates at least the number of Authorized Vehicles for which it was originally constructed by Declarant. Subject to applicable laws governing Accessory Dwelling Units or Junior Accessory Dwelling Units as defined in Sections 65852.2 and 65852.22 of the California Government Code, respectively, the garages shall be used for parking of vehicles and storage of personal property only and not for any dwelling, commercial, recreational, or other purpose, regardless of how many vehicles are owned by the residents. Garage doors must be kept closed except as necessary for entry or exit of vehicles or Persons.

(c) **Guest Parking Spaces.** Guest Parking Spaces are for temporary, short-term use by residents and invitees of residents only. Guest Parking Spaces are unreserved and unassigned, and they are available on a strict first-come-first-served basis. However, the spaces shall not be used for long-term parking (more than 72 hours in any seven day period) or permanent storage of any vehicle or other personal property. The Board may, but is not required to, impose additional restrictions on a resident's use of the Guest Parking Spaces.

(d) **County Requirements.** Additional parking rules required by the County are set forth in Section 17.1.2 below.

2.12.5. **Use of Vehicles as Temporary or Permanent Dwelling.** No automobile, trailer, mobile home, camper, motor home, recreational vehicle or other vehicle may be used as a dwelling in any portion of the Community, either temporarily or permanently.

2.12.6. **Repair, Maintenance and Restoration.** No Person may repair, maintain or restore any vehicle in the Community, unless the work is conducted in the garage with the garage door closed if proper venting can be provided for safety purposes. However, no Person may carry on in any portion of the Community any vehicle repair, maintenance or restoration business.

2.12.7. **Enforcement.** The Board has the right and power to enforce all parking and vehicle use regulations applicable to the Community, including the levying of fines, citing and removal of violating vehicles from the Private Streets in the Community in accordance with California Vehicle Code Section 22658 or other applicable laws; provided, however, that upon request of the County, the Board shall take all actions necessary to apply California Vehicle Code Sections 21107.5, 21107.6, 21107.7 and 21107.8 to the Community. The Association may contract with a towing company to remove vehicles that violate the no-parking restrictions and may provide all Owners with a telephone number to report violations. First-time violators will receive a written warning, followed by towing in the event of a repeat violation. However, in the event of an emergency or a situation in which the violating vehicle's position prevents other vehicles from safely passing, the violating vehicle may be towed without a prior warning. The owner of such towed vehicle shall be responsible for all costs incurred to remedy the violation, including, but not limited to, towing costs, citations and legal fees. The County may, but is not required to, enforce such restrictions, rules and regulations, in addition to applicable laws and ordinances.

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

2.13. ANIMAL REGULATIONS.

2.13.1. Restrictions on Numbers and Types of Animals. No commercial or farm livestock, including poultry, may be kept in the Community. However, up to two (2) dogs or two (2) cats, or one (1) dog and one (1) cat may be kept in each Unit, subject to applicable law, the Governing Documents, and such rules and regulations as may be adopted by the Board, including potential weight limitations. In addition to dogs and cats, but subject to local ordinances and such Rules and Regulations as may be adopted by the Board, residents may keep in the Unit reasonable numbers of small household pets that live in containers or cages, including fish, rodents and birds, so long as there is no external evidence of their presence in the Community. The Board has the power and discretion to determine whether the types or numbers of any animals kept in a Unit are a nuisance, and the Board shall have the power to abate the nuisance through any legal procedure that is available to the Association.

2.13.2. Reasonable Accommodations for Service Animals. Also notwithstanding the limitations on numbers and types of animals in Section 2.13.1, the Board shall, without having to amend Section 2.13.1, make reasonable accommodations allowing residents with legally recognized disabilities to keep service animals in their homes on receipt of reasonable evidence: (a) that a resident of the Unit has a legally recognized disability; (b) that the service animal is properly trained to provide a necessary service for the disabled resident, and (c) showing that the animal meets the criteria for service animals set forth in state and federal law and regulation. Qualified service animals shall not be counted as pet animals for purposes of the numeric limits in Section 2.13.1, nor shall any limitations on the types of animals set forth in Section 2.13.1 apply to a qualified service animal. Qualified service animals permitted under this Section 2.13.2 remain subject to Sections 2.13.3 and 2.13.4 and the provisions of Sections 2.10 and 2.13.1, concerning the Association's rights and powers to abate nuisances.

2.13.3. Animal Keeping Areas. When in the Community, all animals belonging to an Owner, or to an Owner's Family, contractors, residents, tenants or invitees in the Community must be kept indoors or in fenced areas of the Unit, subject to restriction by the Board in accordance with applicable law, this Section and the restrictions on nuisances in Section 2.10 above. Whenever outside the Residence or fenced portions of the Unit, animals must be kept under the control of a Person capable of controlling the animal either on a leash or other appropriate restraint or carrier.

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

2.14. ANTENNA AND SATELLITE DISH RESTRICTIONS. No Person may install in the Community any antenna or over-the-air receiving device except for an “Authorized Antenna.”

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

2.14.2. Mounting on Mast. An Authorized Antenna may be mounted on a mast to reach the height needed to receive an acceptable quality signal, subject to Local Governmental Agency permitting requirements for safety purposes. No mast shall be installed in such a way that it overhangs any neighboring Condominium or Association Property, or poses a threat of damage to property or injury to persons.

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

2.14.4. No Obligation to Permit Use of Alternative Locations. The Association is under no obligation to permit any Person to install or relocate any Authorized Antenna or any other device to any area outside the preferred installation location for any reason, including a particular Owner’s inability to receive a signal from the preferred installation location.

2.14.5. Prohibitions on Installation. The Committee may prohibit the installation of an Authorized Antenna in a particular location if, in the Committee’s opinion, the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Committee. The Committee may also prohibit an Owner from installing an Authorized Antenna on any real property which such Owner does not own or is not entitled to exclusively use or

control under the Governing Documents, including the Association Property or any other property outside the Owner's Unit. The Committee also has the power to prohibit or restrict the installation of any antenna or other over-the-air receiving device that does not meet the definition of an Authorized Antenna as set forth above.

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

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

2.15. **TRASH.** Trash and recyclables must be stored in closed sanitary containers. No trash, recyclable materials or containers may be stored in view of other Lots or the Association Property, except that closed containers may be set out at curbside for a reasonable period of time on trash collection days (not to exceed twelve (12) hours before and after scheduled trash collection hours). At all other times, Owners must store closed containers in the garage or in a fenced yard area, out of sight of other Units and Association Property, until scheduled collection times. The Board has the power to make additional Rules and Regulations concerning the disposal of trash and recyclables, consistent with County ordinances. In addition, the Board has the power to change the trash pickup locations as reasonably necessary.

2.16. **OWNER-INSTALLED IMPROVEMENTS.** No Person shall install any permanent outdoor Improvements on a Unit if the Improvements are visible from other Unit, or from the streets or the Association Property, without the prior written approval of the Design Review Committee obtained in accordance with Article 5 and the Rules and Regulations. It shall also be the responsibility of the Owner to contact the County to determine if said desired outdoor Improvements are permitted by the County Municipal Code and if such Improvements require a building permit. Examples of outdoor Improvements that require prior Committee approval include the following:

(a) Roof-mounted equipment, including heating, ventilation and air conditioning equipment, vents or ducts;

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

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

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

(e) Sunshades, awnings or patio covers, if visible from other Units, Association Property, or streets;

(f) Accessory structures;

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

(h) Front yard landscaping and hardscape, including flatwork, fences or walls, or statuary, if visible from other Units, Association Property or streets;

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

(j) Sideyard landscaping and hardscape, including flatwork and fences or walls.

The foregoing list is provided for guidance but it is not intended to be an exhaustive list. The Committee has the power to require prior review and approval of other Improvements that are not listed above. Outdoor patio or lounge furniture, potted plants and portable barbecue equipment may be kept pursuant to the Rules and Regulations.

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

2.16.1. Installation of Side and Rear Yard Landscaping. If not otherwise completed by Declarant prior to the Close of Escrow for such Owner's Condominium, each Owner shall complete the installation of landscaping on the side and rear yard of the Unit in accordance with a plan approved by the Design Review Committee no later than three (3) months after the Close of Escrow. Each Owner shall obtain all permits necessary and shall comply with all requirements of the County.

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

2.16.3. **Holiday Decorations.** Outdoor holiday decorations, or indoor holiday decorations that are visible from outside, shall be limited to a reasonable period of time prior to the date of the holiday, as determined by the Association in its Rules and Regulations, and shall be removed within no more than fourteen (14) days after such holiday, unless prior written authorization has been granted by the Association to remove them at a later date.

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

2.18. **DRAINAGE.** There shall be no interference with or obstruction of the established surface drainage pattern(s) and water quality Improvements located within any Condominium in the Community, unless an adequate alternative provision is made for proper drainage and approved by the Design Review Committee, and if applicable, the County.

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

2.18.2. **Surface Drainage Improvements; Sub-Drains.** The Established Drainage on a Condominium may consist of any or all of the following: earthen or concrete drainage swales, concrete channels, permeable water quality material, catch basins with underground drainage pipelines, roof-mounted gutters or downspouts (collectively, "**Surface Drainage Improvements**"). In addition, one or more drain lines may have been installed beneath the surface of the patio or yard of a Condominium (each, a "**Sub-Drain**"). Surface Drainage Improvements and Sub-Drains and appurtenant Improvements constructed or installed by Declarant (if any) provide for collection and drainage of surface waters from each Condominium and from elsewhere in the Community to proper points of disposal.

2.18.3. **Maintenance of Drainage and Water Quality Improvements.** Each Owner must maintain, and keep free of debris and obstructions all Surface Drainage Improvements and Sub-Drains located on or under the Condominium, except those for which the Association or a public authority or utility are responsible. To ensure adequate drainage within

the Community, it is essential that the Surface Drainage Improvements and the Sub-Drains, if any, not be modified, removed or blocked without having first made alternative drainage arrangements. Therefore, no Owner may install, alter, modify, remove or replace any Surface Drainage Improvements or Sub-Drains on or under the Owner's Condominium without first making alternative drainage arrangements approved in writing by the Committee and by applicable governmental agencies. Owner-installed irrigation systems must be installed and maintained to prevent excess runoff and accumulation of surface water. Owners shall maintain water quality improvements in accordance with the BMPs as described in the Storm Water Pollution Prevention Plan.

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

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

2.20. **VIEW OBSTRUCTIONS.** Each Owner acknowledges that (a) there are no protected views in the Community, and no Condominium is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping (including the growth of landscaping) or other installation of Improvements by Declarant or other Owners may impair the view from any Condominium, and each Owner hereby consents to such view impairment.

2.21. **SOLAR ENERGY SYSTEMS.** California has a strong public policy in favor of solar heating and solar energy generating systems (each, a "**System**"). California policies and applicable laws, including the Solar Shade Control Act (Public Resources Code Section 25980, *et seq.*) and the Solar Rights Act (Civil Code Section 714, *et seq.*) protect each Owner's right to place and maintain equipment and facilities necessary to operate a residential System, all subject to reasonable restrictions imposed by the Association. In accordance with Civil Code Sections 714 and 714.1, each Owner may install a solar energy system (as defined in California Civil Code Section 801.5), on the Owner's Condominium to serve the Owner's domestic needs, as long as (a) the design and location of the solar energy system meet the requirements of all applicable governmental ordinances, and (b) the design and location receive the prior written approval of the Design Review Committee.

2.21.1. **Installation.** Owners who elect to install a System will be subject to the Declaration, any homeowner maintenance manual, all applicable County ordinances and zoning regulations, the Uniform Building Code and associated law and regulations. Owners must obtain written approval from the Design Review Committee and a building permit from the County prior to installing a System.

2.21.2. **Impact of Neighboring Properties.** California law, including the Solar Shade Control Act, may in some instances restrict an Owner's free and unfettered enjoyment of a Unit if it conflicts with the solar heating needs of an adjoining Unit, including the location and height of Owner-installed or -placed trees, landscaping or other Improvements on the Owner's property. However, nothing in the law or the Governing Documents guarantees any Owner the absolute right to operate a System entirely free of interfering shade from pre-existing vegetation and structures on neighboring Units, and Declarant makes no such warranty that any System will remain unaffected by shade caused by pre-existing vegetation or other Improvements, or the activities of neighboring Owners or the Association, including the growth of landscaping and the height of Improvements on neighboring Units, Association Property or public property.

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

2.23. **TEMPORARY BUILDINGS; TEMPORARY DWELLINGS.** No tent, shack, shed, trailer, mobile home, modular building, storage building, shipping or storage container or similar movable building or shelter may be placed on any portion of the Community either temporarily or permanently. No automobile, trailer, mobile home, camper, motor home, recreational vehicle or other vehicle may be used as a dwelling in any portion of the Community, either temporarily or permanently. This Section is not intended to prohibit Accessory Dwelling Units or Junior Accessory Dwelling Units as defined in Sections 65852.2 and 65852.22 of the California Government Code, respectively, to the extent they are permitted by local ordinance.

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

2.25. **ASSOCIATION PROPERTY.** The Association Property may not be altered without the Board's prior written consent.

2.26. **MINERAL EXPLORATION AND EXTRACTION.** No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted on the Community, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Condominium or within five hundred (500) feet of the surface of the Community.

2.27. **POST-TENSION CONCRETE SLABS.** Concrete slabs for Improvements constructed in the Community may be reinforced with a grid of steel cable installed in the concrete slab and then tightened to create extremely high tension. This type of slab is commonly known as a "Post-Tension Slab." Cutting into a Post-Tension Slab for any reason (for example, to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Unit, personal injury, or both. Each Owner shall determine if the floor of their

Unit has been constructed with a Post-Tension Slab and, if so agrees: (a) Owner shall not cut into or otherwise tamper with the Post-Tension Slab; (b) Owner will not permit or allow any other Person to cut into or tamper with the Post-Tension Slab so long as Owner owns any interest in the Unit; (c) Owner shall disclose the existence of the Post-Tension Slab to any Person who rents, leases or purchases the Unit from Owner; and (d) Owner shall indemnify and hold Declarant and Declarant's agents, free and harmless from and against any and all claims, damages, losses or other liability (including attorneys' fees and costs of court) arising from any breach of this covenant by Owner.

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

ARTICLE 3 DISCLOSURES

Article 3 is intended to disclose to Owners additional information Declarant either reasonably understands to be true or that was provided to Declarant as of the date this Declaration was Recorded, and disclose the nature and reservations of conditions elsewhere in this Declaration. The Disclosures in this Article are based on information obtained from third-party sources, including, retained consultants, public officials, employees and public records. With regards to new information disclosed in this Article, no Person should rely on the accuracy or completeness of this information because many of the matters discussed below are outside the control of Declarant and the Association. Accordingly, Declarant does not make any guarantee as to the accuracy or completeness of the matters disclosed below. Furthermore, Declarant is under no obligation to update or revise any matter disclosed in this Article. The Owners are advised to conduct an independent investigation to determine the accuracy of the information disclosed.

3.1. **CONDITIONS OF APPROVAL.** As part of the approval process, the County required certain conditions be included in this Declaration. These provisions within the Declaration are either labeled as Conditions of Approval or the fact the provision incorporates a Condition of Approval is referenced within the Section or Article. As these provisions are based on requirements of the County, representations or warranties are neither made to their enforceability nor that these provisions are for the benefit of the Association or the Owners,

3.2. **ENFORCEABILITY OF CONDITIONS.** The conditions contained in the Declaration are based on information obtained by Declarant from third parties and on information Declarant reasonable believes to be true. Aside from the provisions related to or arising out of the Conditions of Approval, discussed in Section 3.1, Declarant reasonably believes, based on its present understanding, the conditions in this Declaration are currently enforceable, but makes no representation, warranty or guarantee as to the present enforceability

of any condition, nor that each condition, even if enforceable at the time this Declaration is recorded, will remain or continue to be enforceable for any period of time.

3.3. NO REPRESENTATIONS OR WARRANTIES. No representations or warranties, express or implied, have been given by Declarant, the Association or their agents, in connection with the Community, including, its physical condition, zoning, compliance with law, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation of the Community as a condominium project, except as expressly provided in this Declaration, as submitted by Declarant to DRE, as provided by Declarant to the first Owner of each Condominium or provided in the standard warranty required by the FHA or VA.

3.4. SPECIAL DISTRICTS. According to the Tax Disclosure Report prepared by First American Professional Real Estate Services, Inc. and dated December 9, 2021, the Community lies within the boundaries of the following special districts:

3.4.1. Community Facilities District No. 19-1. Community Facilities District No. 19-1 ("**CFD 19-1**") is a Mello-Roos Community Facilities District formed to provide funding to pay for the cost of acquisition of school sites and the acquisition, design, construction, lease, equipping and/or improvement thereon of school, city, sewer, water and/or park facilities and to finance the incidental expenses to be incurred in connection therewith. Mello-Roos Community Facilities Districts are created by Local Government Agencies to finance public improvements and services when no other source of funds is available. Once formed and approved, the district will levy a special tax lien against each Lot in the district's boundaries. District charges will appear on each Owner's property tax bill. Such districts also have the power to sell municipal bonds to raise additional funds if they are necessary to build the public improvements or fund the services. Such districts have rights to accelerated foreclosure if assessments are delinquent for more than a specified amount of time. The amount of the special tax and any other information pertaining to any such district can be obtained from the County Assessor's office. For additional information regarding CFD No. 19-1, Owners may contact the Assistant Superintendent for the Corona-Norco Unified School District at (951) 736-5045.

3.4.2. Riverside County Landscaping and Lighting Maintenance District No. 89-1-C. The Community is located within the Riverside County Landscaping and Lighting Maintenance District No. 89-1-C which was formed to finance the installation, maintenance and servicing of ornamental structures, fences, multi-purpose trails, landscaping and appurtenant facilities within the District. District charges will appear on each Owner's property tax bill. Such districts have rights to accelerated foreclosure if assessments are delinquent for more than a specified amount of time. The amount of the special tax and any other information pertaining to any such district can be obtained from the County Assessor's office.

3.4.3. Other Districts. This Section is not intended to be an exhaustive list of districts that presently affect the Community. The Community may at present lie within other special tax districts (such as mosquito and vector control districts, water districts, flood districts, sewer districts, sanitation districts, parks and open space districts), or it may be annexed to other special tax districts from time to time in the future. Owners are advised to consult the County Assessor's office for further information.

3.5. **SUPPLEMENTAL REAL PROPERTY TAXES.** The County Assessor has the authority to reassess new homes after the Close of Escrow based on the difference between its appraised value and the home's unimproved value for the period after escrow closes. The Assessor will issue a supplemental tax bill to Owners for the difference in the taxes due based upon the reassessment. Declarant has no control over the valuation, timing or the amount of the supplemental bill resulting from the reassessment. Owner is solely responsible for the payment of the supplemental tax bill.

The following notice is given pursuant to Section 1102.6c of the California Civil Code:

“California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any question concerning this matter, please call your local Tax Collector’s Office.”

Neither Declarant nor any of its authorized agents, representatives, employees or sales people have made any representations or warranties regarding supplemental real property taxes.

3.6. **ASSOCIATION BUDGET.** An initial Association budget is prepared by an independent professional and is based on information available at the date of preparation. The Association budget has been reviewed by the DRE. Budgets will change from time to time due to changing maintenance requirements, geographic impacts that are not anticipated when the budgets were prepared, the demand by Owners for different, higher, or enhanced services or standards of maintenance and/or unforeseen or unanticipated circumstances.

3.7. **RECREATIONAL FACILITIES.** The Community includes the Recreational Facilities. All persons using the Recreational Facilities are required to use caution and to watch their children at all times to prevent injuries. The use of the Recreational Facilities may cause noise, night lighting, the errant flight and/or entry of items of play and other disturbances to those Residences in close proximity to the Recreational Facilities. Owners living near the Recreational Facilities may experience higher than normal pedestrian and vehicular traffic. In addition, the Recreational Facilities may be equipped with enhanced lighting for evening activities. Lighting may be visible from Residences within the Community. The Association may, from time to time, promulgate rules for use and operation of the Recreational Facilities, including reasonable hours of operation.

3.8. ELECTRIC POWER LINES, WIRELESS COMMUNICATIONS FACILITIES, AND HUMAN HEALTH; CELL TOWER.

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

3.8.2. **Additional Information.** Additional information about EMF and RF is available from the following agencies:

(a) the World Health Organization's International EMF Project website at [Non-ionizing Radiation, Part 1: Static and Extremely Low-frequency \(ELF\) Electric and Magnetic Fields \(who.int\)](http://www.who.int/non-ionizing/radiation/part1);

(b) Southern California Edison website at [Electric & Magnetic Fields | Your Family's Safety | Safety | Home - SCE](http://www.sce.com/electric_magnetic_fields);

(c) the U.S. National Institute of Environmental Health Sciences website at [Electric & Magnetic Fields \(nih.gov\)](http://www.niehs.nih.gov/electromagnetic);

(d) The California Public Utilities Commission EMF page at [Electric Magnetic Fields \(ca.gov\)](http://www.cpuc.ca.gov/electromagnetic); and

(e) the CDC website at [EMF \(Electric and Magnetic Fields\) | NIOSH | CDC](http://www.cdc.gov/niosh/emf).

This list is not meant to be all inclusive.

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

3.10. **URBAN ENVIRONMENT.** Living in a densely populated Community entails living in very close proximity to other persons and business, with attendant limitations on solitude. Owners will hear noise from adjacent Units within the Community, especially when windows are open. Finally, Owners can expect to hear noise from surrounding areas, such as parks, other residential communities and public streets and rights of way. Owners may also notice light entering the Units from street lights and area lighting fixtures located in close proximity to the windows and doors of the Units.

3.11. **PROPERTY LINES.** The boundaries of each Condominium in the Community and the Association Property are delineated on subdivision (tract) maps, lot line adjustments, parcel maps or Condominium Plans that are public records and are available at the County Recorder's office.

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

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

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

It is the Owner's responsibility to monitor the Residence on a continual basis for excessive moisture, water and mold accumulation. For additional information regarding mold, please refer to the following websites: California Department of Public Health - [CDPH Home \(ca.gov\)](http://CDPH.ca.gov); Centers for Disease Control and Prevention - [CDC | National Center for Environmental Healthh](http://CDC.NationalCenterforEnvironmentalHealthh); U.S. Environmental Protection Agency - [U.S. Environmental Protection Agency](http://U.S.EnvironmentalProtectionAgency) | [US EPA](http://USEPA); Illinois Department of Public Health - [Home \(illinois.gov\)](http://Home(illinois.gov)); and Washington State Department of Health - [Home :: Washington State Department of Health](http://Home::WashingtonStateDepartmentofHealth).

3.13. **RECLAIMED WATER.** In its efforts to conserve water, the County may require the use of reclaimed water to irrigate parks, school yards, golf courses, greenbelt areas and other large landscaped areas. Reclaimed water is partially treated waste water. It is not treated to be suitable for consumption by humans or domestic animals.

Declarant may install, in parts of the Association Property, irrigation equipment that is designated for reclaimed water service. Such equipment is purple in color for ready identification. The County may extend reclaimed water service to the Community. There is no fixed date for the commencement of reclaimed water service, but all Persons in the Community should always assume that water originating from purple irrigation equipment is reclaimed, and therefore never suitable for human or domestic animal consumption. There is no way to reliably tell the difference between potable water and reclaimed water without a chemical test. The water delivered to the Unit will at all times be domestic potable water.

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

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

3.15. **EXTERIOR LIGHTING.** The Community is subject to restrictions for the benefit of Mount Palomar Observatory, which are set forth in "County Ordinance No. 655, an Ordinance of the County of Riverside Regulating Light Pollution" ("**Ordinance 655**"). All exterior lighting systems and fixtures in the Community must comply with the restrictions in Ordinance 655. General requirements of Ordinance 655 include the designation of low-pressure sodium lamps as a preferred illuminating source, shielding of lighting to minimize light spill into the night sky and onto adjacent properties, prohibiting certain light sources entirely, and limiting the hours of operation for all nonexempt light sources. A copy of Ordinance 655 is available on the County website: <https://www.rivcocob.org/ords/600/655.htm>.

3.16. **SOIL CONDITIONS.** For in-depth information regarding the geotechnical aspects of the Community, Owners should review the geotechnical reports entitled (a) Supplemental Geotechnical Investigation" dated November 30, 2016 and prepared by LCG Geo-Environmental, Inc. and (b) "Geotechnical Due Diligence Assessment" dated December 30, 2020 and prepared by Petra Geosciences, Inc. (collectively, the "**Soils Reports**"). Copies of the Soils Reports are available for viewing at the County. The basic conclusions and

recommendations of the Soils Reports are summarized below, but the following summary is not exhaustive, and, in the event of a conflict herein with the Soils Reports, the Soils Reports will control.

3.16.1. **Expansive Soil.** The soil in the Community is composed of materials that have “expansive” characteristics. Owners should perform soils testing, use special construction techniques and take precautions when constructing new Improvements or modifying existing Improvements because the soil expands when it is wet and can cause Improvements to lift and crack. Owners should consider the following information and recommendations before making or modifying any Improvements:

(a) **Concrete and Masonry Improvements.** Special attention is required in designing and constructing concrete and masonry Improvements such as masonry walls and planters, concrete slabs, patios, sidewalks, spas and decking. For example, steel reinforcing bars may be required in lieu of steel mesh in concrete patio slabs. Block walls may require extra horizontal and vertical steel reinforcing bars. Spas located at or near the top or bottom of a slope or on expansive soils may require special design and construction methodology.

(b) **Drainage and Irrigation.** Owners must use adequate drainage and irrigation control. The construction or modification of Improvements by Owners should not result in ponding of water. Owner-installed drainage devices, including, but not limited to, concrete ditches, area drain lines and gutter should be carefully designed and installed with professional assistance and then maintained in an unobstructed condition. Drainage devices installed by Declarant designed to serve more than one (1) Unit should not be altered in a manner that will redirect or obstruct the drainage through these drainage devices. All Owner-installed landscape irrigation systems should be designed, constructed, and operated to prevent excessive saturation of soils. All Owner-installed landscaping (if any) must be designed to ensure that water drains away from the Residence footings and other Improvements. Obstructions such as walls should not be constructed across swales unless adequate replacement drainage Improvements have been installed or created. Planters should be lined with an impervious surface and should contain outlets to drain excess water. Owners shall maintain and keep clear of debris any drainage or facility or device constructed by Declarant.

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

3.16.3. **Fill Soil.** The Residences in the Community are constructed on fill soil in accordance with the recommendations and inspection of licensed civil and soils engineers. Buildings constructed on fill soil will demonstrate some post-placement settlement. The Soils Reports certifying the compaction of fill soil is available for review at the County.

3.16.4. **Corrosive Soil.** Soils in the Community have a potential for soluble sulfate effects on normal concrete and chloride effects and should be considered highly corrosive to buried metals due to low resistivity. Corrosive soil may corrode buried metal Improvements. Owners should advise their consultants that below-ground Improvements must be constructed of materials that are compatible with corrosive soils.

3.16.5. **Interior Gases and Other Contaminants.** The aging process of soil and natural soil elements, as well as the aging of man-made building materials, may create unwanted and undesired gases and other contaminants in Residences, both new and previously occupied. In addition, a lower rate of air exchange between outdoor and indoor environments has resulted from modern construction techniques, which comply with energy conservation requirements enacted by the State of California. A lower air exchange rate can result in the build-up of unwanted gases and other contaminants in varying degrees. As the quality of the air we breathe can affect our health, Owners should frequently air out their Residence by opening the windows.

3.17. **ENVIRONMENTAL CONDITIONS.** For in-depth information regarding the environmental aspects of the Community, Owners should review the environmental report prepared for the Community entitled "Phase I Environmental Site Assessment and Limited Phase II Assessment" dated November 20, 2020 and prepared by Petra Geosciences, Inc. (the "**ESA Report**"). For more information regarding the environmental condition of the Community, please refer to the ESA Report available at the County for review.

3.18. **ENVIRONMENTAL RISK.** Despite any assessment activities performed at the Community as described in the ESA Report, there is always some degree of environmental risk associated with the redevelopment of properties that once contained hazardous or potentially hazardous materials and, although measures have been taken to assess the Community, hidden conditions could be present in the subsurface. Potential hidden conditions could include, without limitation, the existence of hazardous or other hydrocarbon substances or oil and gas substances, or the existence of methane gas or other gases, any or all of which may migrate toward the surface of the Community. Declarant cannot guarantee that the Community is absent of any such chemicals or substances. By acceptance of a deed to a Unit, Owners acknowledge and accept these existing and future impacts and forever waive any and all causes of actions against the Declarant and its members, respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks.

3.19. **MINING PROPERTY.** The Community is near real property (the "**Mining Property**") on which sand and gravel surface mining operations and the manufacture of concrete and other similar products are being conducted in accordance with permits from the County of Riverside and in accordance with applicable law and the requirements of governmental authorities (the "**Mining Operations**"). Said Mining Operations may be conducted twenty-four

hours per day, seven days per week and will cause certain "Impacts" including, but not limited to, noise, dust, fumes, unpleasing visual effects, heavy vehicular traffic, vibrations, destruction or displacement of plant life and animal life, alterations of surface and subsurface water flows on the Mining Property that do not cause any physical injury to the Community, and offensive odors, which impacts may interfere with the comfortable enjoyment of life by each occupant of the Community, their invitees, guests, animals and pets and the use of the Community ("*nuisances*"). Each owner of any portion of the Community agrees for themselves, their successors and assigns, as a covenant running with the land for the benefit of the Mining Property that all rights to object to or claim any public or private nuisance or disturbance by reason of Mining Operations that are substantially similar to the Mining Operations being conducted as of January 1992 are hereby waived. Such waiver includes any right to: (a) object to the Nuisances resulting from Mining Operations that are substantially similar to the Mining Operations being conducted as of January 1992, (b) object to permits required for Mining Operations that are substantially similar to the Mining Operations being conducted as of January 1992 and (c) recover from the owners and operators of the Mining Operations, any and all damages to real and personal property resulting from such Nuisances except, that the persons or entities conducting such Mining Operations or any other operations on the Mining Property shall not be relieved from their obligation or liability for all damages and harm, as provided by law or in equity, for any material damage to the physical elements of the real property covered hereby. Noise, dust, fumes, unpleasing visual effects, heavy vehicular traffic, vibrations, destruction or displacement of plant and animal life and offensive odors shall not constitute damage to the physical elements of the Community.

3.20. OPEN SPACE AREAS. The Wash, located in the southern portion of the Community, adjacent to Temescal Canyon Road, is an unnamed tributary to the Temescal Wash. The Wash originates on the foothills of the Santa Ana Mountains located southwest of the Community. The Wash meanders along the southern border of the Community. The habitat found within the Wash consists of Mulefat Scrub and Riversidean Alluvial Scrub, both which are native and important to the drainage systems of California as well as Sycamore trees. These trees and associated habitats are suitable for many avian species, including raptors and provide a wildlife movement corridor that links together large areas of habitat. In addition, as with any unimproved land, certain risks exist due to the proximity of open space and habitat areas, including the risk that wild animals may enter the Community from time to time. Therefore, it is important that all residents take appropriate precautions to protect persons and domestic animals.

Because the Community is surrounded by open space areas that are covered in grasses and other vegetation, there is an increased risk of wildfires occurring in the open space during the dry season. The Community is prone to environmental and weather conditions that create a high risk of destructive wildfires. These wildfires are difficult to predict, control and extinguish. In addition, high winds in the Community can carry windborne embers during wildfires, increasing the speed at which destructive wildfires can spread, in and around the Community. Such wildfires can cause property loss or bodily harm. They may also force evacuation from Lots in the Community.

Declarant cannot control the conditions that create and spread these wildfires, and Owners are advised to carefully consider the risks of wildfires that are inherent in California living. Owners of Lots adjacent to open space should maintain a fire-resistant, defensible space

around their Residence and should advise the City if they observe a need for weed or brush abatement within the open space. All Owners in the Community should become familiar with local and state fire protection agencies' recommendations and information regarding California wildfire dangers and risks. The inherent risks of wildfires in California may have an adverse impact on insurance premiums for homeowner's insurance or homeowner's insurance may not be available at all. Owners should consult an insurance professional for additional information about the costs and availability of insurance for Owner's Lot.

3.21. NATURAL HAZARD ZONE DISCLOSURES. According to the Master Property Disclosure Report, dated as of January 19, 2022, and prepared by First American Natural Hazard Disclosures (the "*Natural Hazard Disclosure Statement*"), all or a portion of the Community lies within the mapped boundaries of the following natural hazard zones:

3.21.1. Earthquake Fault Zones. California is subject to a wide range of earthquake activity. California has many known faults as well as yet undiscovered faults. According to the Natural Hazard Disclosure Statement, although the Community is not located within an Earthquake Fault Zone as defined by California Public Resources Code Section 2621.9, Owners must evaluate the potential for future seismic activity that might seriously damage an Owner's Condominium. The Elsinore-Glen Ivy fault is located approximately two (2) miles from the Community, the Chino-Central Avenue fault is located approximately seven (7) miles from the Community, the Elsinore-Temecula fault is located approximately eighteen (18) miles from the Community and the Whittier fault is located approximately eighteen (18) miles from the Community. A major earthquake, which some have predicted will occur in our lifetimes, could cause very serious damage to Units, located even many miles from the epicenter of the earthquake. A more moderate earthquake occurring on a more minor fault, or on an undiscovered fault, could also cause substantial damage.

Declarant makes no representations or warranties as to the degree of earthquake risk within the Community. All Owners should read "The Homeowner's Guide to Earthquake Safety," which is published by the California Seismic Safety Commission and is available from their offices or by free download from their website at [Seismic Safety Commission | \(ca.gov\)](https://www.seissafe.org/) and consult with the County, other public agencies, and appropriate experts to evaluate the potential risk.

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

3.21.3. **City and County-Designated Zone Determinations.** California law allows cities and counties to establish policies and criteria stricter than those set by the State respecting, but not limited to, the permitting and development of properties found to be in or affected by the certain natural hazards. This information may be used by the local jurisdiction relative to making decisions regarding new development or additional construction. The agencies and jurisdictions which develop the official maps do not necessarily define or delineate hazards in the same way. A site can be in a hazard zone from one source and not in a hazard zone from another source. Properties that are in a mapped geologic hazard zone may require a geologic study prior to any new or additional construction. According to the Natural Hazard Disclosure Statement, all or portions of the Community lie within a County-designated area of low or very low liquefaction susceptibility and a City-designated high for metal for corrosive soils hazard area.

3.21.4. **Very High Fire Hazard Severity Zone (SB-63).** Beginning January 1, 2022, California Senate Bill 63 (SB-63) requires, among other things, that the Director of the Department of Forestry and Fire Protection ("**Director**") identify areas in California as "Moderate," "High" and "Very High" Fire Hazard Severity Zones. According to the Natural Hazard Disclosure Statement, the Director has not yet released Fire Hazard Severity Zone (FHSZ) maps for those cities and counties that have fire protection responsibility ("**Local Responsibility Areas**"). Beginning July 1, 2021 California Assembly Bill 38 (AB-38) requires all homes sales in High or Very High Fire Hazard Severity Zones (FHSZ) to be compliant following a Defensible Space Inspection. When an Owner sells property that is located in a high or very high FHSZ, the Owner will need documentation of a compliant Defensible Space Inspection that complies with Section 4291 of the Public Resources Code or local vegetation management ordinances. More information regarding this requirement can be found at [Fire Hazard Severity Zones \(ca.gov\)](https://www.fire.ca.gov/). When the Director releases the new FHSZ maps required by SB-63, the obligations under AB-38 will apply to the Very High and the High FHSZ in the Local Responsibility Areas. Declarant makes no representations or warranties as to whether the Community is in a FHSZ or whether there is any elevated degree of fire hazard risk to the Community. Owners are advised to consult with the City, County, other public agencies, and appropriate experts to evaluate the potential risk.

California is prone to environmental and weather conditions that create a high risk of destructive wildfires. These wildfires are difficult to predict, control and extinguish. Such wildfires may cause Buyer property loss or bodily harm. They may also force evacuation from the Lot or the Community. As recent wildfires in California have illustrated, wildfires may occur at any time of year, start without warning and spread at a rapid and unpredictable rate, destroying massive amounts of property and injuring or killing humans and animals in their path. Rural, suburban and urban areas have all been impacted by wildfires. In addition to the risks associated with wildfires and related evacuations, looting of evacuated sites and mudslides associated with rain in recently burned areas are all risks that accompany California wildfires. Declarant cannot control the conditions that create and spread these wildfires. The inherent risks of wildfires in California may have an adverse impact on insurance premiums for homeowner's insurance or homeowner's insurance may not be available at all. Owners should consult an insurance professional for additional information about the costs and availability of insurance for the Lot.

3.21.5. **Zone X.** Declarant has been informed that all or a portion of the Community is located within a FEMA-designated Flood Zone X, which is an area of minimal flood risk. These are areas outside the "500" year flood-risk levels.

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

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

NOTICE OF RIGHT TO FARM

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

3.23. **NOTICE OF MINING OPERATIONS DISCLOSURE.** According to the Natural Hazard Disclosure Statement referenced above, the Community is located within one (1) mile of reported mining operations. The following notice is provided as required by California law:

NOTICE OF MINING OPERATIONS

The property is located within one mile of a mine operation for which the mine owner or operator has reported mine location data to the Department of Conservation pursuant to Section 2207 of the Public Resources Code. Accordingly, the property may be subject to inconveniences resulting from mining operations. You may wish to consider the impacts of these practices before you complete your transaction.

3.24. **GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES.** Notice Regarding Gas and Hazardous Liquid Transmission Pipelines:

This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping system (NPMS) Internet Web site maintained by the United States Department of Transportation at [NPMS – Home \(dot.gov\)](http://NPMS-Home(dot.gov)). To seek further information about possible transmission pipelines near the Community, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.

Declarant and the Association make no representations or warranties and provide no guarantee whatsoever concerning whether any information contained on the NPMS website is accurate or complete.

3.25. **RADON.** Radon is a colorless, odorless radioactive gas that is produced by the natural decay of uranium, which is found in nearly all soils. Because radon is a gas, it can seep from the ground into the air in a house through openings in the ground, and its presence increases the risk of lung cancer. The U.S. Environmental Protection Agency (the “**EPA**”) and U.S. Geological Survey have produced a map that assigns one to three zone designations based on radon potential to each county. According to the EPA, each zone designation reflects the average short-term radon measurement that can be expected to be measured in a building without the implementation of radon control measures. This map is not meant to be used to determine whether a particular home should be tested for radon, but is used to assist various government agencies and organizations in focusing their radon program resources. Additionally, the California Department of Conservation outlines Radon Zone areas where geologic conditions are likely to produce high, moderate, or low potential indoor radon levels above 4 pCi/L. Those maps are available at:

and

Indoor Radon (ca.gov)

The EPA recommends all structures should be tested for radon, regardless of geographic location or zone determination. If the radon level is greater than 4 picoCuries per Liter of air (pCi/L), the EPA suggests remediation. Declarant and the Association make no representations, warranties or guarantees as to the degree of radon risk within the Community. Potential buyers and residents are advised to consult with the County or other public agencies and appropriate experts to evaluate the potential risk.

3.26. **AIR QUALITY.** Southern California is subject to Stage I smog alerts. Owners should take advantage of the Air Quality Management District's ("**A.Q.M.D.**") forecasts to plan outdoor activities to avoid peak pollution by checking your television, radio or daily newspapers to find out if unhealthy air quality is expected. For more information, Owners can also call A.Q.M.D. at 1-800-CUT-SMOG (1-800-288-7664) or check their website at [Home \(aqmd.gov\)](http://Home(aqmd.gov)). By acceptance of a deed to a Unit, Owners, (for and on such Owners' behalf, and the members of such Owner's family, tenants, lessees, guests and invitees) expressly acknowledge and accept the existing and possible future impacts of smog on Owners and such Owners' family and forever waive any and all causes of actions against the Declarant and their respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks.

3.27. **WIND.** All of Southern California is subject to periods of high winds. Wind speeds in the Community may exceed that experienced in other areas of the surrounding region. Owners must ensure that any Improvements an Owner installs on a Condominium are constructed or designed to withstand winds. Owners are advised to consult with experienced architects and engineers in the design and specification of any Improvements that an Owner plans to add.

3.28. **SURROUNDING USES.** This disclosure is intended to provide Owners with information on surrounding uses as of the date of Recordation. Uses and Improvements in the immediate vicinity of the Community include the items listed below:

North of the Community: Residential, Interstate-15

South of the Community: Temescal Canyon Road, Campbell Road

East of the Community: Interstate-15

West of the Community: Residential

Existing and proposed uses in surrounding areas may change without notice. Neither Declarant nor the Association has any control over uses outside the Community. Owners are advised to contact applicable local governmental agencies for updated information concerning the development plan for the surrounding community.

3.29. **RESIDENTIAL DEVELOPMENTS.** There are existing residential developments located in the vicinity of the Community. Owners will experience increased automobile and pedestrian traffic resulting from the proximity of these residential developments to the Community. Declarant has no control over the proximity, height and design of such nearby buildings and makes no representation on the future impacts that these residential developments will have on residents of the Community.

3.30. **MIXED USE AREA.** The Community is located in a mixed use area, which means that surrounding the Community are commercial and retail establishments as well as residential developments. As a result, Owners may experience, noise, bright lights, odors, air pollution, traffic congestion, trash and other adverse impacts relating to the operation and maintenance of businesses and residences in the area. Declarant has no control over the current or future tenancies or vacancies of the commercial, retail and residential locations surrounding the Community and does not control the land use or zoning of the adjacent properties and makes no representations about future land uses on adjacent or nearby properties.

3.31. **PROXIMITY TO AGRICULTURAL LANDS.** The Community is located in the vicinity of lands which are currently in use for agricultural purposes, including farming and dairy operations. By reason of such agricultural use, Owners and other residents in the Community may be subject to dust, noise and odors and may be exposed to pesticides, herbicides, insecticides and other chemicals. Many procedures normal and necessary to the operation of agricultural uses such as growing of field crops, dairy production, poultry farms and feed lots result in noise, noxious odors, chemical spraying, dust, irrigation or other potentially detrimental effects to residential use of adjacent properties. Each Owner, for and on behalf of himself, and the members of his family, his tenants, lessees, guests and invitees, expressly acknowledges and accepts these existing and future impacts and forever waives any and all causes of actions against the County, Declarant, the Association and their respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks. Neither Declarant nor the Association has any control over agricultural operations on lands outside the Community.

3.32. **RURAL AREA.** The Community is located in a rural area which includes various rural land uses, including the Wash detailed in Section 3.20 above. As a result of the rural character of the area in the vicinity of the Community and the location of the Wash, Lots may be affected by wildlife, noises, odors, reptiles or insect life typically found in rural areas. Snakes, rodents, mountain lions and coyotes are some of the wildlife typically encountered in rural areas. Owners should expect to encounter insects of all types including flies, ticks, Africanized (killer) bees, mosquitoes, spiders, black and red fire ants, crickets and aphids. Declarant and the Association are not responsible for wildlife control or eradication.

3.33. **MAJOR HIGHWAYS AND THOROUGHFARES.** Major highways and thoroughfares are located within the vicinity of the Community, which include, among others, Temescal Canyon Road, Campbell Road and the Interstate 15 Freeway. The Interstate 15 Freeway is located immediately adjacent to the Community. Neither Declarant nor the Association has any control over the use, maintenance or care of any highways and thoroughfares located within the vicinity of the Community. Owners may experience noise, dust

and traffic within and in the vicinity of the Community based on the public's use of some of the above-referenced highways and thoroughfares.

3.34. **MEGAN'S LAW NOTICE.** The following notice is given pursuant to Section 2079.10a of the California Civil Code:

"Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at [California Megans Law](#). Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides."

Declarant makes no representations, warranties or guarantees regarding the presence or absence of registered sex offenders within the Community or in the surrounding area. Declarant has no obligation or duty to investigate existing residents or buyers to determine whether they are sex offenders. Owners are solely responsible for making their own investigation.

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

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

3.37. **ADDITIONAL PROVISIONS; FUTURE ENFORCEABILITY.** There may be provisions of various laws, including, without limitation, the Davis-Stirling Common Interest Development Act codified at Sections 4000, *et seq.* of the California Civil Code, California's Fair Employment and Housing Act at Sections 12900, *et seq.* of the California Government Code, and the Federal Fair Housing Act codified at Title 42 United States Code, Section 3601, *et seq.*, among other laws, which may supplement or override the Governing Documents. Declarant makes no representations or warranties regarding the future enforceability of any portion of the Governing Documents.

ARTICLE 4 THE ASSOCIATION

4.1. **GENERAL DUTIES AND POWERS.** The Association has the duties and powers enumerated and described in the Governing Documents, in addition to the general and implied powers of a nonprofit mutual benefit corporation, generally to do all things that a corporation organized under California law may lawfully do which are necessary or proper in operating for the general welfare of the Owners, subject only to the limits on the exercise of such

powers listed in the Governing Documents. Unless otherwise indicated in the Articles of Incorporation, Bylaws, this Declaration, or a Supplemental Declaration, the powers of the Association may be exercised by the Board.

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

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

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

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

After the Association acquires fee title to or any easement right over Association Property, the affirmative vote of members owning at least sixty-seven percent (67%) of the Condominiums in the Community shall be required before the Board may grant exclusive use of any portion of that Association Property to any member, except as provided in California Civil Code Sections 4202(a)(4) and 4600. Any measure placed before the members requesting that the Board grant exclusive use of any portion of the Association Property shall specify whether the Association will receive any monetary consideration for the grant and whether the Association or the transferee will be responsible for providing any insurance coverage for exclusive use of the Association Property.

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

4.2.5. **Insurance.** The power and duty to keep insurance for the Association Property in accordance with this Declaration.

4.2.6. **Sewer and Storm Drains and Water Quality Improvements.** The power and duty to maintain any private sewer systems, storm drains, and water quality

improvements, pursuant to the BMPs and private drainage facilities located in the Association Property in accordance with the Governing Documents.

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

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

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

- (i) The Rule must be in writing;
- (ii) The Rule is within the authority of the Board conferred by law or by this Declaration, the Articles of Incorporation or the Bylaws;
- (iii) The Rule is not inconsistent with governing law, this Declaration, the Articles of Incorporation or the Bylaws;
- (iv) The Rule is adopted, amended or repealed in good faith and in substantial compliance with the requirements of Article 4 of Title 6 of Part 4 of Division 2 of the California Civil Code;
- (v) The Rule is reasonable; and
- (vi) The Rule complies with the requirements of California Civil Code Section 4350.

(b) ***Areas of Regulation.*** The Rules and Regulations may concern use of the Community and any common amenities in the Community, signs, parking restrictions, minimum standards of property maintenance, the operation in the Community of drones, unmanned aircraft systems (UAS), unmanned aerial vehicles (UAV), model aircraft, and similar vehicles or devices by any other name, now existing or that may be developed in the future, whether operated for hobby use or for business purposes, by Owners, tenants or residents, or by contractors or invitees, and any other matter under the Association's jurisdiction.

(c) ***Limits on Regulation.*** The Rules and Regulations must apply uniformly to all Owners and must comply with this Declaration and all applicable state and local laws. The rights of Owners to display in or on their Units religious, holiday and political signs, symbols and decorations of the kinds normally displayed in residential condominium neighborhoods shall not be abridged. However, the Association may adopt time, place and manner restrictions for such displays if they are visible outside the Unit. No modification to the Rules and Regulations may require an Owner to dispose of personal property that was in compliance with all rules previously in force; however, this exemption shall apply only during

the period of such Owner's ownership of the Condominium and it shall not apply to:
(1) subsequent Owners who take title to a Condominium after the modification is adopted; or
(2) clarifications to the Rules and Regulations.

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

(i) The Board must provide written notice ("***Notice***") of a proposed Rule Change to the members at least thirty (30) days before making the Rule Change, except for an Emergency Rule Change (defined below). The Notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change;

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

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

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

(v) A Notice required by this Section 4.2.8(d) is subject to California Civil Code Section 4360;

(vi) A Rule Change made pursuant to this Section 4.2.8(d) may be reversed as provided in California Civil Code Section 4365.

(e) ***Exceptions to Procedure.*** The procedure in Section 4.2.8(d) does not apply to:

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

- Association Property;
- (ii) decisions of the Board regarding maintenance of
 - (iii) a decision on a specific matter that is not intended to apply generally;
 - (iv) a decision setting the amount of an Annual Assessment or a Special Assessment;
 - (v) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of Improvements, which shall be approved in accordance with Section 13.2.1;
 - (vi) a Rule Change that is required by law if the Board has no discretion as to the substantive effect of the changes; or
 - (vii) issuance of a document that merely repeats existing law or the Governing Documents.

(f) **Use of Facilities.** The Rules and Regulations may (i) specify a maximum number of guests which an Owner, tenant or other Person may admit to the Recreational Facilities at one time, (ii) establish rules for allowing Owners, tenants or other Persons to use Association Property facilities for private functions, or (iii) establish admission fees, deposit requirements and other fees for the use of any facilities on the Association Property.

4.2.9. **Borrowings.** The power, but not the duty, to borrow money for purposes authorized by the Articles of Incorporation, Bylaws, Declaration, any Supplemental Declarations or any Notice of Addition, and to use the Association Property as security for the borrowing.

4.2.10. **Contracts.** The power, but not the duty, to enter into contracts. This includes contracts with Owners or other Persons to provide services or to maintain Improvements in the Community and elsewhere which the Association is not otherwise required to provide or maintain by this Declaration. The Board also has the power, but not the duty, to (a) enter into a contract with a credit reporting service to make regular reports to credit bureaus of both timely and delinquent payment of Annual Assessments by all Owners, and (b) recover from delinquent Owners the delinquent payment reporting fee charged the Association by the credit reporting service as part of the "reasonable fees and costs of collection" of delinquent Assessments under California Civil Code Section 5650. If the Board elects to use a credit reporting service, then the Board shall include in the Association's annual assessment and foreclosure policy statement (as described in the Bylaws and California Civil Code Section 5730) the amount of the reporting fee that it may recover from delinquent Owners.

4.2.11. **Telecommunications Contract.** Notwithstanding anything in the Governing Documents to the contrary, the Board shall have the power to enter into, accept an assignment of, or otherwise cause the Association to comply with the terms and provisions of an exclusive telecommunications services contract ("**Telecommunications Contract**") with a telecommunications service provider ("**Service Provider**"), pursuant to which the Service

Provider shall serve as the provider of Telecommunications Services to each Condominium in the Community. The Board shall only enter into, accept an assignment of, or otherwise cause the Association to comply with the terms of the Telecommunications Contract if the Board determines that the Telecommunications Contract is in the best interests of the Association. Although not exhaustive, the Board shall consider the following factors in making such a determination in the exercise of its business judgment:

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

(b) ***Termination.*** The Telecommunications Contract should provide that: (1) at least six (6) months before the end of either the initial or any extended term of the Telecommunications Contract, the entire Membership of the Association may, with the vote or written approval of more than fifty percent (50%) of all Members other than Declarant, prevent any automatic extension that the Telecommunications Contract may provide for (with or without cause), and thereby cause the Telecommunications Contract to expire, and (2) at any time with reasonable notice periods, the Board may terminate the Telecommunications Contract if, in the sole discretion of the Board, the Service Provider fails to provide quality, state-of-the-art Telecommunications Services.

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

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

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

4.2.12. **Indemnification.**

(a) ***For Association Representatives.*** To the fullest extent authorized by law, the Association has the power and duty to indemnify Board members, Association officers, Design Review Committee members, and all other Association committee members for all damages, pay all expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission within what such Person reasonably believed to be the scope of the Person's Association duties ("***Official Act***"). Board members, Association officers, Design Review Committee members, and all other Association committee members are deemed to be agents of the Association when

they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section. The entitlement to indemnification under this Declaration inures to the benefit of the estate, executor, administrator and heirs of any person entitled to such indemnification.

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

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

4.2.13. **Annexing Additional Property.** The power, but not the duty, to annex, pursuant to Section 16.2, additional property to the property encumbered by this Declaration.

4.2.14. **Vehicle and Parking Restrictions.** The power granted in Section 2.12 to identify Authorized Vehicles or Restricted Vehicles and to modify the vehicle and parking restrictions in the Governing Documents.

4.2.15. **License and Use Agreements.** The Association may enter into agreements with Declarant or any homeowners association having jurisdiction over the Annexable Area to share facilities located on the Association Property ("***Facility***") with the Owners of Units in the Annexable Area. Any such agreement shall be in form and content acceptable to Declarant, the Board of Directors (without the approval of Owners) and Declarant or the board of directors of any adjacent homeowners association and shall include provisions regarding use and sharing of maintenance costs for the Facility.

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

4.2.17. **Prohibited Functions.**

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) **Association Governance.** This Section 4.3.1 applies to Board actions and Design Review Committee decisions in connection with interpretation and enforcement of the Governing Documents, architectural and landscaping control, regulation of uses within the Community, rulemaking and oversight of committees. Actions taken or decisions made in connection with these matters shall be reasonable, fair and nondiscriminatory.

4.3.2. **Non-liability.**

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

(b) **Non-liability of Volunteer Board Members and Officers.** A volunteer Board member or volunteer Association officer shall not be personally liable to any

Person who suffers injury, including bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer officer or Board member if all applicable conditions specified in California Civil Code Section 5800 are met.

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

4.4. **MEMBERSHIP.**

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

4.4.2. **Transfer.** The Membership of any Owner may not be transferred, pledged or alienated in any way, except on the transfer or encumbrance of such Owner's Condominium, and then only to the transferee or Mortgagee of the Owner's Condominium. A prohibited transfer is void and will not be reflected in the records of the Association. Any Owner who has sold the Owner's 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 Association before the contract purchaser may vote. The contract seller shall remain liable for all Assessments attributable to the contract seller's Condominium which accrue before title to the Condominium is transferred. If the contract seller fails or refuses to delegate the Membership rights to the contract purchaser before the Close of Escrow, the Association may record the transfer to the contract purchaser in the Association's records. However, no contract purchaser will be entitled to vote at Association meetings during the term of a purchase contract without satisfactory evidence of the delegation of the contract seller's Membership rights to the contract purchaser. The Association may levy a reasonable transfer fee against a new Owner and such Owner's Condominium (which fee shall be paid through escrow or added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the Membership to the new Owner on the Association's records. Such fee may not exceed the Association's actual cost involved in changing its records.

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

(a) **Class A.** Class A members are all Owners except Declarant for so long as a Class B Membership exists. Class A members are entitled to one (1) vote for each Condominium owned by such Class A members which is subject to Assessment. Declarant shall become a Class A member on conversion of Declarant's Class B Membership as provided below. The vote for each Condominium shall be exercised in accordance with Section 4.5, but no more than one (1) Class A vote may be cast for any Condominium.

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

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

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

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

(a) **Limits on Exercise of Board Appointment Right.** Until the expiration of the Board Appointment Right as determined below, the Declarant shall not be permitted to cast any of its Class A or Class B votes to elect any member of the Board of Directors. Instead, the Declarant's power to fill seats on the Board shall be limited solely to exercise of the Board Appointment Right. Following the expiration of the Board Appointment Right, the Declarant shall have the right to cast its Class A votes (if any) to elect members of the Board.

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

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

(ii) the date on which Declarant no longer owns any portion of the Community or Annexable Area; or

(iii) the date set by Declarant in a written notice delivered to the Board.

(c) **No Amendment without Declarant Consent.** Notwithstanding anything to the contrary in this Declaration, this Section 4.4 shall not be amended or terminated without the prior written consent of Declarant until the Board Appointment Right is no longer effective.

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

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

4.5.2. **Relinquishment of Control Regarding Initiation of Right to Repair Law Claim.** Beginning on the date of the first annual meeting of Owners, Declarant relinquishes control over the Association's ability to decide whether to initiate a Right to Repair Law Claim, whether by action of the Board or action by the Owners. 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 Board or the Owners to initiate a Right to Repair Law Claim.

4.5.3. **Joint Ownership.** When more than one (1) Person holds an interest in any Condominium ("**co-owners**"), each co-owner may attend any Association meeting, but only one (1) co-owner shall be entitled to exercise the single vote to which the Condominium is entitled. Co-owners owning the majority interests in a Condominium may designate in writing one (1) of their number to vote. Fractional votes shall not be allowed and the vote for each Condominium shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if the designation is revoked, the vote for the Condominium shall be exercised as the co-owners owning the majority interests in the Condominium agree. Unless the Association receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the co-owners' consent. No vote may be cast for any Condominium if the co-owners present in person or by proxy owning the majority interests in such Condominium fail to agree to the vote or other action. The nonvoting co-owner or co-owners are jointly and severally responsible for all obligations imposed on the jointly-owned Condominium and are entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Governing Documents are binding on all Owners and their successors in interest.

4.5.4. **Ownership by Legal Entity.** When title to a Condominium is held by a legal entity recognized under California law ("**Entity Owner**") that is not a natural person, the

governing authority of such Entity Owner may designate in writing to the Association one (1) natural person ("**Entity Owner Representative**") to exercise the single vote to which the Condominium is entitled. Fractional votes shall not be allowed. Where no designation of an Entity Owner Representative is made or if the designation is revoked, the vote for the Condominium shall be exercised as determined by the Entity Owner. Unless the Association receives a written objection in advance of the election from the governing authority of the Entity Owner, it shall be conclusively presumed that the vote exercised by the Entity Owner was properly exercised in accordance with the Entity Owner's procedures.

4.6. **UNSEGREGATED REAL PROPERTY TAXES.** To the extent not assessed to or paid by the Owners, the Association shall pay all real and personal property taxes and assessments levied on the Community. If all Condominiums in a Phase are taxed under a tax bill covering all of such Phase, then each Owner shall pay the Owner's share of any installment due under the tax bill to the Association at least ten (10) days before the delinquency date. The Association shall transmit the taxes to the appropriate tax collection agency on or before the delinquency date. The Association shall allocate taxes equally among the Owners and their Condominiums in such Phase, based on the total number of Condominiums in such Phase. The Association shall, at least forty five (45) days before the delinquency date of any tax installment, deliver to each Owner in such Phase a copy of the tax bill, along with a written notice setting forth the Owner's obligation to pay the Owner's share of the tax installment and the potential additional charges to the Owner for failure to comply. The Association shall pay the taxes on behalf of any Owner who does not pay the Owner's share. The Association shall add to the Annual Assessment of a delinquent Owner the amount of any sum advanced, plus interest at the rate of ten percent (10%) per annum and any amount necessary to reimburse the Association for any penalty or late charge actually assessed in connection with the tax bill for a Phase, which late charge results from the failure of the delinquent Owner to make timely payment of the Owner's share of the taxes. Until the conversion of the Class B membership to Class A, this Section may not be amended without the written consent of Declarant.

ARTICLE 5 DESIGN REVIEW COMMITTEE

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

5.2. POWERS AND DUTIES.

5.2.1. General Powers and Duties. The Design Review Committee has the power and duty to promulgate Design Guidelines against which to examine any request made pursuant to this Article. The Design Review Committee shall annually issue and update its Design Guidelines and provide notice of any requirements for Committee approval of proposed Improvements. The Design Review Committee shall consider and act upon all plans and specifications submitted for its approval, including inspection of work in progress to assure conformity with plans approved by the Design Review Committee, and shall perform such other duties as the Board assigns to it.

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

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

5.3. REVIEW OF PLANS AND SPECIFICATIONS.

5.3.1. Improvements Requiring Approval. No Owner may begin construction, reconstruction, installation, removal or alteration of any outdoor Improvement in or on a Condominium, including remodeling, landscaping, grading, excavation, filling or other alteration to the grade or level of the land, without prior Design Review Committee approval. However, a Residence may be repainted or refinished without prior Design Review Committee approval so long as the Residence is repainted or refinished with materials that are identical to the materials originally used by Declarant or last applied to the Improvement with Committee approval (as applicable). The provisions of this Article apply to construction, installation and alteration of solar energy systems, as defined in California Civil Code Section 801.5, subject to the provisions of California Civil Code Sections 714 and 714.1, the applicable Building Code, zoning regulations, and other laws. The Design Review Committee may review the Improvements' impact on (1) the structural integrity of the Condominium Building, (2) the safety of the Owners and the public, (3) the noise heard beyond the Condominium in which the Improvement is located, (4) fire safety, (5) common utilities and (6) the Association Property

(collectively, the "**Design Factors**"). The Design Review Committee may review the impact the construction, installation, or altering of the Improvement has on the Design Factors, as well as the impact the completed Improvement has on the Design Factors.

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

The Design Review Committee shall deliver its written approval, disapproval, or request for additional information or materials to the Applicant at the address listed in the Application no later than the date that is forty-five (45) calendar days after the date on which the Design Review Committee has received the complete Application (the "**Review Deadline**"). If, on the Review Deadline, the Committee has failed to deliver to the Applicant its written approval, disapproval, or request for additional information or materials, then the Application shall be deemed approved, and the Manager or a representative of the Board or Committee shall at the request of the Applicant execute a written approval therefor within fifteen (15) days after receipt of such request. Issuance of permits by a Local Government Agency does not remove the requirement that the Applicant obtain the approval of the Design Review Committee before commencing construction of the proposed Improvements.

5.3.3. **Standard for Approval.** 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. The Design Review Committee shall approve an Application only if it determines that (a) installation, construction or alterations of the Improvements in the locations proposed will not be detrimental to the appearance of the Community as a whole, (b) the appearance of the proposed Improvements will be in harmony with the existing Improvements and the overall design theme in the Community, (c) installation, construction or alteration of the proposed Improvements will not detract from the beauty, wholesomeness and attractiveness of the Community or the enjoyment of the Community by the Owners, (d) maintenance of the proposed Improvements will not become a burden on the Association, and (e) the proposed Improvements are consistent with the Governing Documents. The Committee's decision on a proposed change

may not violate any governing provision of law, including the Fair Employment and Housing Act, or a building code or other applicable law governing land use or public safety. The Committee may consider the impact of views from other Condominiums, 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 Association warrants that any views in the Community are protected. No Condominium is guaranteed the existence or unobstructed continuation of any particular view.

5.3.4. **Conditions of Approval.** The Design Review Committee may condition its approval of an Application for any Improvement on any one (1) or more of the following:

(a) The Applicant's delivery to the Association of security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Association Property or another Owner's Condominium as a result of such work;

(b) The Applicant's delivery to the Association of the review fee described in Section 5.3.2 above;

(c) Such changes to the Application as the Design Review Committee considers appropriate;

(d) The Applicant's agreement to grant to the Association or other Owners such easements as are made reasonably necessary by the existence of the Improvement;

(e) The Applicant's agreement to install water, gas, electrical or other utility meters to measure any increased utility consumption;

(f) The Applicant's agreement to reimburse the Association for the cost of maintaining the Improvement (should the Association agree to accept maintenance responsibility for the Improvement as built);

(g) The Applicant's agreement to complete the proposed work within a stated period of time;

(h) If required by the Committee, the Applicant's deposit of adequate funds with the Association to repair or restore any Association 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 Association Property was not damaged or was restored at least to its condition when the work began;

(i) If required by the Committee, the submission of additional plans and specifications or other information before approving or disapproving the Application.

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 Association 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 Declaration.

5.3.5. Governmental Approvals. The Applicant shall meet the requirements of all applicable ordinances, codes and regulations 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 Declaration. All approvals issued by the Committee are in addition to, and not in lieu of, applicable governmental approvals, which the Applicant must also obtain at his sole cost, prior to or concurrently with Committee approvals, and before commencing any work. Furthermore, governmental approvals are in addition to, and not in lieu of, Committee approvals required under the Governing Documents. No determination by any governmental agency that the Applicant has met applicable governmental requirements for a particular Improvement shall relieve the Applicant of its obligation to obtain all required Committee approvals required under this Article and the Governing Documents.

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

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

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

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

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

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

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

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

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

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

5.7.1. Time Limit for Inspections. When the Work is complete, the Applicant shall immediately provide the Committee with written notice of completion on the form prescribed by the Committee. The Design Review Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate on the date that is sixty (60) calendar days after the date on which the Committee has received written notice from the

Applicant on a form provided by the Committee that the Work is complete. If the Design Review Committee fails to send a written notice of Noncompliance to an Applicant before this time limit expires, the Work shall be deemed to comply with the approved Application.

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

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

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

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

5.10. **APPEALS.** If a proposed Improvement is disapproved, the Applicant is entitled to reconsideration by the Board of Directors at an open meeting that satisfies the requirements of 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 Committee has the same membership as the Board.

ARTICLE 6 PROPERTY EASEMENTS AND RIGHTS

6.1. EASEMENTS.

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

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

6.1.3. **Encroachments.** Declarant reserves, for its benefit and for the benefit of all Owners and their Condominiums, a reciprocal easement appurtenant to each Condominium over the other Condominiums and the Association Property to accommodate (a) any existing encroachment of any wall or any other Improvement installed by Declarant or approved by the Design Review Committee, and (b) shifting, movement or natural settling of the Residence or other Improvements.

6.1.4. **Easements for Public Service Use.** Declarant reserves easements over the Community for public services of the local government agencies, including but not limited to, the right of law enforcement and fire protection personnel to enter upon the Community to carry out their official duties.

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

6.1.6. **Completion of Improvements.** Declarant reserves the right and easement to enter the Community to complete any Improvement which Declarant considers desirable to implement Declarant's development plan.

6.1.7. **Owners' Easements in Association Property.** Declarant reserves, for the benefit of every Owner, and each Owner's Family, contractors, residents, tenants or invitees, nonexclusive easements for pedestrian and vehicular access (all as applicable) over the Association Property in the Community as reasonably necessary for the use and enjoyment of

each Condominium in the Community. This easement is appurtenant to and passes with title to every Condominium in the Community, but is to be exercised subject to the rights, restrictions, covenants and easements in the Governing Documents and the Association's right to reasonably restrict access to rooftops, maintenance facilities and other areas of the Association Property that are designated by the Board.

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

(a) An easement over all Units abutting a Community Wall (as shown on an exhibit to this Declaration or a Notice of Addition), consisting of a three foot (3') wide strip of land lying along the perimeter boundary or the Community Wall (as applicable), to accommodate the footings and other structural components of any Community Wall located on or immediately adjacent to such property line, including any encroachments thereof onto the Condominium; and

(b) An easement for access over such Units as reasonably necessary for maintaining the Community Walls and related Improvements.

6.1.9. **Access Easements.**

(a) ***Reserved for Declarant and the Annexable Area.*** Declarant reserves for its benefit and for the benefit of the owners of Condominiums located in the Annexable Area (whether annexed to the Community or not) easements for pedestrian and vehicular access and vehicular parking (where designated), including construction access, over all Private Streets and sidewalks located within the Community.

(b) ***Reserved for Models.*** Declarant reserves for its benefit easements for pedestrian and vehicular ingress and egress over the Private Streets serving the Community during business hours, seven (7) days per week, for access to those Condominiums within the Community which are used by Declarant, or its assignee, for models or sales offices, as permitted by the County. Declarant shall have the right to assign this easement, by written assignment, to any successor in interest. This easement shall terminate when the use of such Condominiums by Declarant or its assignee, for models or sales office purposes, has been permanently terminated.

6.1.10. **Drainage Easements.** Declarant reserves, for the benefit of the Community, the Owners and the Association, reciprocal nonexclusive easements for drainage of water over, across, on and under the Community.

6.1.11. **Easements for Access to and Maintenance of Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Unit in Phase 1 as necessary for access to and maintenance of Association Maintenance Areas described herein or depicted on ***Exhibit D*** or described and depicted in a Notice of Addition or Supplemental Declaration. No Owner may interfere with the Association's exercise of its rights under the easements reserved in this Section.

6.1.12. **Telecommunications Easement.** Declarant reserves blanket easements (collectively, "**Telecommunications Easements**") over the Community for access and for purposes of constructing, installing, locating, altering, operating, maintaining, inspecting, upgrading, removing and enhancing Telecommunications Facilities (collectively, "**Telecommunications Purposes**") for the benefit of Declarant. 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 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 Community does not imply transfer of any Telecommunications Easements or Telecommunications Facilities. The holders of the Telecommunications Easements may not exercise the rights reserved hereunder in any manner which will unreasonably interfere with the reasonable use and enjoyment of the Community by any Owner. If the exercise of any Telecommunications Easement results in damage to the Community, then the easement holder who caused the damage shall, within a reasonable period of time, repair such damage. If Declarant has not conveyed the Telecommunications Easements in a Phase to another Person before the last Close of Escrow in the Community and the Annexable Area, then Declarant grants the Telecommunications Easements to the Association effective as of the last Close of Escrow in the Community and the Annexable Area.

6.1.13. **Duet Residence Easements.**

(a) **Encroachment Easements.** Declarant hereby reserves to the Owners of each Duet Residence, reciprocal, nonexclusive easements, appurtenant to each Duet Residence, over, upon and across the Adjacent Duet Residence for the purpose of accommodating any encroachments due to engineering errors, errors in original construction, settlement or shifting of any building, or any other cause. There shall be valid easements for the maintenance of such encroachments as long as the encroachments exist and the rights and obligations of the Owners shall not be altered in any way by such encroachments, settlement or shifting; provided, however, that an easement is not reserved hereby for any encroachment which may occur due to the willful misconduct of either Owner. If any portion of an adjacent Duet Residence is partially or totally destroyed and then repaired or rebuilt in accordance with the Governing Documents, the other Owner understands and agrees that there will be a valid easement for the maintenance of unintentional minor encroachments so long as they shall exist.

(b) **Maintenance, Repair, Replacement and Reconstruction Easements.** Declarant hereby reserves to the Owner of each Duet Residence reciprocal, nonexclusive, appurtenant easements over, upon and across the Adjacent Duet Residence (i) for maintenance, repair, replacement and reconstruction of the Duet Residence including any Expansion Joint (as defined in Section 2.1.2 above), (ii) for support of the Expansion Joint, and (iii) for access reasonably necessary in connection therewith.

(c) **Drainage Easements.** Declarant hereby reserves to the Owner of each Duet Residence, reciprocal, appurtenant easements over all of the Expansion Joint, Adjacent Duet Residence roof, gutters, downspouts and surface drainage improvements for the flow and disposal of rainwater.

6.1.14. **Sideyard Easements.** Declarant hereby reserves over the Sideyard Burdened Units in the Community nonexclusive Sideyard Easements appurtenant to the Sideyard Benefited Units in Phase 1 and future Phases (as designated in the applicable Notice of Addition or Supplemental Declaration). The Sideyard Easements in Phase 1 are depicted on **Exhibit E** attached hereto; provided, however, 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). Sideyard Easements in future Phases of the Community shall be depicted on an exhibit to the applicable Notice of Addition or Supplemental Declaration. The Owners of the Sideyard Burdened Units and Sideyard Benefited Units are subject to the restrictions and covenants of this Section respecting their use and enjoyment of the Sideyard Easements.

(a) **Authorized Uses.** The Sideyard Easements are reserved for the benefit of the applicable Sideyard Burdened Unit for all of the following purposes:

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

(ii) Access to and maintenance of any Party Walls and any Community Walls that are required to be maintained by the Owners, including encroachment of the footings of such walls;

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

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

(b) **Maintenance.** Sideyard Easements (and every Improvement thereon) shall be maintained continuously in a neat and orderly condition by the Owner of the Sideyard Burdened Unit in accordance with all Maintenance Guidelines.

(c) **Access by Sideyard Benefited Unit Owner.** The Owner of the Sideyard Benefited Unit shall have the right, at reasonable times, on reasonable prior notice to the Owner of the Sideyard Burdened Unit and in a reasonable manner, to enter the Sideyard Easement for the purpose of maintenance of the Sideyard Benefited Unit Owner's Residence, including any gutter or downspout attached to the Residence. In order to access the Sideyard Easement, the Owner of the Sideyard Benefited Unit requires a right of entry over the remainder of the Sideyard Burdened Unit (the **"Sideyard Right to Enter"**). This Sideyard Right to Enter includes the right to enter those portions of the fenced-in yard of the Sideyard Burdened Unit that are reasonably necessary to reach the Sideyard Easement area after providing the notice as required in this Section 6.1.14. The Sideyard Benefited Unit Owner shall be responsible for any damage to person, animal or property that may be caused by the exercise of the Right to Enter onto the Sideyard Burdened Unit.

(d) **Prohibited Uses.** Neither Owner shall be permitted to store any trash or property in the Sideyard Easement. This restriction does not extend to use and enjoyment of the Sideyard Easement by the Sideyard Burdened Unit Owner for normal use, such as placing yard furniture, water fountains and other similar items for use and enjoyment. The Sideyard Burdened Unit Owner shall not block any vent of the Residence on the Sideyard Benefited Unit. The Sideyard Burdened Unit Owner shall not affix any Improvement, including plants or other landscaping, any sports equipment or any other item or Improvement to the Residence constructed on the Sideyard Benefited Unit without the prior written consent of the Owner of the Sideyard Benefited Unit. Additional restrictions may be included in a Notice of Addition or Supplemental Declaration.

(e) **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 Units, and except as otherwise authorized above, no fence, wall or other permanent Improvement of any kind (other than landscaping and irrigation equipment) shall be constructed in the Sideyard Easement by the Owner of the Sideyard Burdened Unit located within two (2) feet of the Residence located on the Sideyard Benefited Unit without the prior written approval of the Owner of the Sideyard Benefited Unit and the Design Review Committee and shall not install structural Improvements over the water quality filtration system located within the Sideyard Easement. 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.

(f) **Drainage.** Except as otherwise permitted in this Section 6.1.14, no Improvement (including landscaping) shall be constructed, altered, placed or permitted to remain upon the Sideyard Easement if it will: (i) change the direction of flow of the established drainage on the Sideyard Burdened Unit or Sideyard Benefited Unit; or (ii) damage or alter any drainage system serving the Sideyard Burdened Unit; or (iii) obstruct, interfere or retard the flow of water through such system, unless such change is mitigated by alternative drainage facilities constructed with the prior approval of the Committee and applicable Local Government Agencies.

(g) **Notice.** In the event of an emergency, the Sideyard Benefited Unit 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 Burdened Unit of at least twenty-four (24) hours.

(h) **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.

6.2. **ADDITIONAL EASEMENTS.** Declarant reserves easements over the Association Property owned in fee simple by the Association for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, and landscaping area.

Subject to Section 4.2.3, any such easement may be conveyed by the Declarant before the last Close of Escrow for sale of a Condominium in the Community and the Annexable Area. Such conveyance must be approved by the Board, which approval must not be unreasonably withheld. The purpose of the easement, the portion of the Association Property affected, the 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.

6.3. **DELEGATION OF USE.** Any Owner may delegate the Owner's right to use the Association Property in writing to the Owner's tenants, contract purchasers or subtenants who reside in such Owner's Unit, subject to regulation by the Board. An Owner who has delegated this right may not use the Recreational Facilities on the Association Property so long as such delegation remains in effect.

6.4. **RIGHT OF ENTRY.**

6.4.1. **Association.** The Association has the right to enter the Units (excluding the Residence) to inspect and maintain the Association Property and all Association-maintained Improvements, and take whatever corrective action it determines to be necessary or proper. Entry onto any Unit under this Subsection may be made after at least three (3) days' advance written notice to the Owner of the Condominium except for emergency situations, which shall not require notice. For purposes hereof, an "emergency situation" is a situation in which there is an imminent threat of injury to persons or damage to property, as determined by the Board in the exercise of its sound business judgment. Nothing in this Subsection limits the right of an Owner to exclusive occupancy and control over the portion of the Owner's Unit that is not an Association Maintenance Area. Any damage to a Unit or personal property therein that is caused by entry under this Subsection shall be repaired by the Association. In making such repair, the Association shall not be responsible for costs beyond those necessary to repair or restore the damaged item to the condition it was in immediately prior to the damage.

6.4.2. **Declarant.** The Declarant has the right to enter the Units (excluding the Residence), and the Association Property in the Community (a) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Community, (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 Local Government Agencies. Declarant shall provide the Association or the Owner (as applicable) reasonable notice before such entry, except for emergency situations, which shall not require notice. For purposes hereof, an "emergency situation" is a situation in which there is an imminent threat of injury to persons or damage to property, as determined by the Declarant. Any damage to the Association Property or to a Condominium or personal property therein that is caused by entry under this Subsection shall be repaired by the Declarant. In making such repair, the Declarant shall not be responsible for costs beyond those necessary to repair or restore the damaged item to the condition it was in immediately prior to the damage. Unless otherwise specified in the applicable initial grant deed by which Declarant has transferred ownership of the subject Condominium or subject Association Property, this right of entry shall automatically expire on the later of the date that is twelve (12) years after (a) the date this Declaration is Recorded, or (b) the date on which the grant deed is Recorded by which Declarant first conveyed fee title to the subject real property under authority of a Public Report.

6.4.3. **Owners.** Each Owner shall permit other Owners and their representatives to enter the Owner's Unit (excluding the Residence) in order to perform installations, alterations or repairs to the mechanical or electrical services to the entering Owner's Condominium if (a) requests for entry are made in advance, (b) entry is made at a time reasonably convenient to the Owner whose Unit is to be entered, and (c) the entered Unit is left in substantially the same condition as existed immediately preceding such entry. Notwithstanding the foregoing, an Owner shall not have the right to enter another Owner's Unit unless entry is reasonably necessary to enable the entering Owner to correct or repair an Improvement for which the entering Owner is responsible. Owners have no right to enter another Owner's Unit to perform maintenance or repair of any Association Property or any other Improvement for which the Association is responsible. Any damage to the entered Unit, or any personal property therein which is caused by entry under this Subsection shall be repaired by the entering Owner. In making such repair, the entering Owner shall not be responsible for costs beyond those necessary to repair or restore the damaged item to the condition it was in immediately prior to the damage.

ARTICLE 7

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

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

7.2. **ASSOCIATION MAINTENANCE FUNDS ACCOUNTS.** The Association shall establish separate Association Maintenance Fund accounts into which shall be deposited all money paid to the Association and from which disbursements shall be made, as provided in this Declaration. The Association Maintenance Fund accounts shall be established as trust accounts at a banking or savings institution and shall include: (a) an Operating Fund account for current Common Expenses, (b) an adequate Reserve Fund account for the portion of Common Expenses allocated to reserves for Improvements which the Board does not expect to repair or replace on an annual or more frequent basis; and (c) any other accounts which the Association may elect to establish. The Association shall require the bank or savings institution to send monthly account statements for all accounts directly to the Association. If a Manager is retained by the Association, then the Manager shall maintain records and bank accounts for the Association separate from other associations that use the Manager's services, and the Manager shall have no authority to draw checks on, or transfer funds from, any Reserve Fund of the Association.

7.3. **PURPOSE OF ASSESSMENTS.** The Annual Assessments shall be used exclusively to (a) promote the Owners' recreation and welfare, (b) operate, improve and maintain the Association Property, and (c) discharge any other Association obligations under this Declaration. All amounts deposited into the general Operating Fund and general Reserve Fund must be used solely for the common benefit of all Owners for purposes authorized by this Declaration. Disbursements from the any Operating Fund generally shall be made by the Association to discharge Association responsibilities which cannot be discharged by disbursements from the corresponding Reserve Fund. However, if the Board determines that the general Operating Fund contains excess funds, the Board may transfer the excess funds to any other Association Maintenance Fund. Disbursements from the Reserve Fund shall be made by the Association only for the purposes specified in this Article and in California Civil Code Sections 5510(b) and 5515, and only in accordance with California Civil Code Sections 5380, 5502 and 5510.

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

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

7.5.1. **Maximum Authorized Annual Assessment For Initial Year of Operations.** During the Fiscal Year in which Annual Assessments commence, the Board may levy an Annual Assessment per Condominium in an amount which exceeds one hundred twenty percent (120%) of the amount of Annual Assessments disclosed for the Community in the most current Budget filed with and reviewed by DRE only if the Board first obtains the approval of Owners casting a majority of votes at a meeting or election of the Association in which more than fifty percent (50%) of the Condominiums are represented ("**Increase Election**"). This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.5.

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

(a) If the increase in Annual Assessments is less than or equal to twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must either (1) have distributed the Budget for the current Fiscal Year in accordance with California Civil Code Section 5300, or (2) obtain the approval of Owners casting a majority of votes in an Increase Election; or

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

This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.5.

7.5.3. Supplemental Annual Assessments. If the Board determines that the Association's essential functions may be properly funded by an Annual Assessment in an amount less than the maximum authorized Annual Assessment described above, it may levy such lesser Annual Assessment. If the Board determines that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses, it shall immediately determine the approximate amount of the inadequacy. Subject to the limits described in Sections 7.5.1, 7.5.2 and 7.5.5, the Board may levy a supplemental Annual Assessment reflecting a revision of the total charges to be assessed against each Condominium.

7.5.4. Automatic Assessment Increases. Despite any other provisions of this Section 7.5, on Declarant's annexation of the Annexable Area pursuant to Article 16, the Annual Assessment shall be automatically increased by the additional amount, if any, necessary to maintain the Association Property identified in the Notice of Addition as a part of the Phase that includes the Annexable Area so long as (a) the annexation is permitted by DRE, and (b) the amount of such automatic increase does not exceed the maximum automatic increase allowed under California Civil Code Section 5605(b).

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

- (a) An extraordinary expense required by an order of a court;
- (b) An extraordinary expense necessary to maintain the portion of the Community for which the Association is responsible where a threat to personal safety on the Community is discovered; and
- (c) An extraordinary expense necessary to maintain the portion of the Community for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Before imposing or collecting an Assessment pursuant to this Subsection (c), the Board shall adopt a resolution containing written findings regarding the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Owners with the notice of the assessment.

7.6. ANNUAL ASSESSMENTS.

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

7.6.2. Delayed Commencement in Model Phases without Production Units. Notwithstanding Section 7.6.1 above or other section dealing with the timing for commencement of assessments, in a Model Phase with no Production Units, the Close of Escrow for a Model Unit Sale shall not automatically cause the commencement of Annual Assessments in the Model Phase, nor the conveyance of Association Property in the Model Phase to the

Association, nor shall the Association have any obligation to maintain any Association Property in the Model Phase. On the first Close of Escrow for a Model Unit Sale, the following provisions shall apply:

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

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

7.6.3. Delayed Commencement in Model Phases with Production Units.

Notwithstanding Section 7.6.1 above or other section dealing with the timing for commencement of assessments, in a Model Phase that includes Production Units, the Close of Escrow for the sale of one or more Model Units in such Model Phase shall not automatically cause the commencement of Annual Assessments in the Model Phase, nor the conveyance of Association Property in the Model Phase to the Association, nor shall the Association have any obligation to maintain any Association Property in the Model Phase. If the first Close of Escrow in such Model Phase is for a Model Unit Sale, then the following provisions shall apply:

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

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

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

7.6.5. Apportionment of Annual Assessments. All Annual Assessments shall be assessed uniformly and equally against the Owners and their Units based on the number of Units owned by each Owner, except as may be otherwise provided in a Supplemental Declaration. The Board may determine that funds in the Operating Fund at the end of the Fiscal Year be retained and used to reduce the following Fiscal Year's Annual Assessments. On

dissolution of the Association incident to the abandonment or termination of the Community as a planned development, any amounts remaining in any of the Association Maintenance Funds shall be distributed to or for the benefit of the Owners in the same proportions as such money was collected from the Owners.

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

7.7. **SPECIAL ASSESSMENTS.** The Board may levy, in any Fiscal Year, (a) a Capital Improvement Assessment to defray, in whole or in part, the Association's costs described in Section 1.1.18, (b) a Reconstruction Assessment to defray the Association's extraordinary expense of repair or reconstruction of Association Property in the situations described in California Civil Code Section 5610, or (c) a Special Assessment or increase for other purposes permissible under California Civil Code Section 5610.

7.7.1. **Limitations.** No Capital Improvement Assessment or Special Assessment described in part (c) of Section 7.7 above may be levied in any Fiscal Year which, if added to the Capital Improvement Assessments already levied during such Fiscal Year, exceed five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year, may be levied without the vote or written consent of Owners casting a majority of votes at an Increase Election. This Section does not apply to Special Assessments described in Sections 1.1.83(a) and 1.1.83(b).

7.7.2. **Emergencies.** The Board may levy, in any Fiscal Year, a Reconstruction Assessment or Special Assessment described in part (c) of Section 7.7 above applicable to that Fiscal Year which exceeds five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year if such increase is necessary for addressing an Emergency Situation as defined in Section 7.5.5. This Section does not apply to Special Assessments described in Sections 1.1.83(a) and 1.1.83(b).

ARTICLE 8 INSURANCE

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

8.1.1. **Commercial General Liability.** A policy of commercial general liability insurance (including coverage for medical payments), insuring the Association and the Owners against liability for bodily injury, death and property damage arising from or relating to

the ownership or use of the Association Property. Such policy shall specify amounts and include protection from liability and risks as are customarily covered in similar condominium developments in the area of the Community, and shall include a severability of interest endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of other Owners, or the Association or the Association's officers and directors acting in their capacity as officers and directors and which policy shall name the Declarant as additional insured. The Association's policies shall at all times specify limits no less than the minimum amounts required by California Civil Code Sections 5800 and 5805.

8.1.2. **Fire and Casualty Insurance.** A "master" or "blanket" policy of fire and casualty insurance with extended coverage, special form, without deduction for depreciation, in an amount as near as possible to the full replacement value of all insurable Improvements on the Association Property including fixtures, to the extent they are part of the Association Property and other common personal property belonging to the Association. The policy amount shall be at least equal to such coverage as is commonly required by prudent institutional mortgage investors in the area in which the Community is located. The Association shall not carry a policy of earthquake insurance unless the Board is directed to obtain earthquake coverage by a majority of the Association's voting power.

8.1.3. **Fidelity Bond Coverage.** The Association shall maintain fidelity bond coverage for any Person handling funds of the Association, including Association officers, directors, employees, volunteers, and agents, and the Manager and its employees), whether or not such persons are compensated for their services, in an amount that is at least equal to or more than the combined amount of the reserves of the Association and three (3) months' worth of Annual Assessments on all Condominiums in the Community. The Association's fidelity bond shall also include coverage for computer fraud and funds transfer fraud. If the Association uses a Manager, then the Association's fidelity bond coverage shall additionally include coverage for dishonest acts by the Manager and its employees. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Association and each servicer of a Fannie Mae -held or -serviced Mortgage.

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

8.1.5. **Other Insurance.** Such other insurance insuring other risks customarily insured by associations managing condominium projects 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 California Civil Code Section 5805.

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

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

8.3. **RIGHT AND DUTY OF OWNERS TO INSURE.** Each Owner is responsible for insuring his personal property and all other property and Improvements in his Condominium. Nothing in this 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 Condominium or elsewhere in the Community. The Association does not maintain any property or liability insurance for an Owner's Condominium. If obtainable, any liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Association, the Board, their agents and employees, and all other Owners. Such policies shall not adversely affect or diminish any coverage under any insurance obtained by or on behalf of the 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 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 Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

8.4. **NOTICE OF EXPIRATION REQUIREMENTS.** If available, each of the Association's insurance policies must contain a provision that the policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without at least ten (10) days' prior written notice to the Board and 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 ten (10) days' prior written notice to any insurance trustee named pursuant to Section 8.5 and to each Fannie Mae servicer who has filed a written request with the carrier for such notice.

8.5. **TRUSTEE FOR POLICIES.** The Association is trustee of the interests of all named insureds under the 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 Association shall keep a record of all claims made. All insurance proceeds under any Association insurance policies must be paid to the Board as trustees. The Board has the exclusive 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 9.4. 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 Declaration. Any two (2) officers of the 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 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.

8.6. **ACTIONS AS TRUSTEE.** Except as otherwise specifically provided in this Declaration, the Board has the exclusive right to bind the Association and the Owners to all matters affecting insurance carried by the 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 Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Owners and Mortgagees who requested them in writing.

8.7. **ANNUAL INSURANCE REVIEW.** The Board shall review the Association's insurance policies at least annually to determine the amount of the casualty and fire insurance referred to in Section 8.1. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements in the Association Property except foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, before each such annual review.

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

8.8.1. Subrogation of claims against the Owners and tenants of the Owners;

8.8.2. Any defense based on coinsurance;

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

8.8.4. Any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the 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;

8.8.5. 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;

8.8.6. Notice of the assignment of any Owner of the Owner's interest in the insurance by virtue of a conveyance of any Condominium;

8.8.7. Any right to require any assignment of any Mortgage to the insurer;

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

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

ARTICLE 9 DESTRUCTION OF IMPROVEMENTS

9.1. **RESTORATION OF THE COMMUNITY.** Except as otherwise authorized by the Owners, if any portion of the Community which the Association is responsible for maintaining is destroyed, the Association shall restore the same to its former condition as promptly as practical and in accordance with applicable law and County approvals, including plan checks, permits and fee payments. The Association shall use the proceeds of its insurance for reconstruction or repair of the Community unless otherwise authorized in this Declaration or by the Owners. The Board shall commence such reconstruction promptly. The 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 at least a majority of 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 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 after 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 proceed as provided in Section 9.2.

9.2. **SALE OF COMMUNITY AND RIGHT TO PARTITION.** No Owner shall have the right to partition of the Owner's interest in the Condominium and there shall be no judicial partition of the Community, or any part thereof, except as provided in California Civil Code Section 4610. For purposes of Subsection 4 of Section 4610(b) partition may occur only if all of the following conditions are satisfied: (a) either or both of the Conditions to Reconstruction described in Section 9.1 have failed to occur; (b) within six (6) months after the date on which destruction occurred, restoration or repair has not actually commenced; and (c) the Owners of at least sixty seven percent (67%) of the Condominiums in the Community and a Mortgagee Majority approve the partition. In such event, the Association shall prepare, execute and Record, as promptly as practical, the certificate stating that a majority of the Board may

properly exercise an irrevocable power of attorney to sell the Community for the benefit of the Owners and execute such other documents and instruments as may be necessary for the Association to consummate the sale of the Community at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. Such certificate shall be conclusive evidence of such authority for any Person relying thereon in good faith. The net proceeds of such sale and the proceeds of any insurance carried by the Association shall be divided proportionately among the Owners, such proportions to be determined in accordance with the relative appraised fair market valuation of the Condominiums as of a date immediately before such destruction (or condemnation), expressed as percentages, and computed by dividing such appraised valuation of each Condominium by the total of such appraised valuations of all Condominiums in the Community. The Board is authorized to hire one (1) or more appraisers for such purpose and the cost of such appraisals shall be a Common Expense of the Association. However, the balance then due on any valid Mortgage shall be first paid in order of priority before the distribution of any proceeds to an Owner whose Condominium is so encumbered. Nothing in this Declaration prevents partition of a co-tenancy in any Condominium. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Condominiums and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Community and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

9.3. INTERIOR DAMAGE. Except for any casualty or damage covered by insurance kept by the Association, restoration and repair of any damage to the interior of any individual Unit, 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 Unit so damaged. If a determination to rebuild the 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 Declaration.

9.4. NOTICE TO OWNERS AND FIRST MORTGAGEES. The Board, immediately on having knowledge of any damage or destruction of a Unit or affecting a material portion of the Community, shall promptly notify all Owners and First Mortgagees.

9.5. DAMAGE BY OWNERS. Each Owner is liable to the Association for any damage to the Common Property not fully reimbursed to the Association by insurance proceeds (including any deductible amounts under any insurance policies against which the Association files a claim for such damage), in accordance with Section 2.2.6 above.

ARTICLE 10 EMINENT DOMAIN

The term "taking" as used in this Article means inverse condemnation by exercise of the power of eminent domain 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 Association for the benefit of the Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article.

10.1. **PROPERTY CONDEMNATION.** If (a) there is a taking of an interest in all or part of the Community such that the ownership, operation and use of the Community in accordance with this Declaration is substantially and adversely affected, and (b) within one hundred twenty (120) days after the effective date of the taking the Owners of Units (1) not taken, or (2) only partially taken but capable of being restored to at least ninety-five percent (95%) of their floor area and to substantially their condition before the taking (collectively, the "**Remaining Units**") do not by affirmative vote of at least one third (1/3) of their voting power approve the continuation of the Community and the repair, restoration and replacement to the extent feasible of the Association Property and the Remaining Units, then, after obtaining the consent of a Mortgagee Majority, the Board shall proceed with the sale of that portion of the Community which was not taken and distribute the net proceeds of such sale after deducting any incidental fees and expenses, in the same proportion and manner as provided in Section 9.2.

10.2. **CONDEMNATION OF ASSOCIATION PROPERTY.** If there is a taking of the Association Property or any interest therein, then the award in condemnation shall be paid to the Association and shall be deposited in the Operating Fund.

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

10.4. **PORTIONS OF AWARDS IN CONDEMNATION NOT COMPENSATORY FOR VALUE OF REAL PROPERTY.** Those portions of awards in condemnation which do not directly compensate Owners for takings of real property (for example, awards for takings of personal property, relocation expenses, moving expenses, or other allowances of a similar nature intended to facilitate relocation) shall be paid to the Owners whose personal property is taken, or whose relocation is intended to be facilitated.

10.5. **NOTICE TO OWNERS AND FIRST MORTGAGEES.** The Board, on learning of any taking affecting a Unit or a material portion of the Community, or any threat thereof, shall promptly notify all Owners and First Mortgagees.

ARTICLE 11 RIGHTS OF MORTGAGEES

11.1. **GENERAL PROTECTIONS.** No amendment or violation of this Declaration defeats or renders invalid the rights of the Mortgagee under any Mortgage encumbering one (1) or more Condominiums made in good faith and for value, provided that after the foreclosure of any such Mortgage, the foreclosed Condominium(s) will remain subject to this Declaration.

11.2. **ADDITIONAL RIGHTS.** To induce the VA, FHA, Freddie Mac, Ginnie Mae and Fannie Mae to participate in the financing of the sale of Condominiums, the following

provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Governing Documents, these added provisions control):

11.2.1. Right of First Refusal. Any "right of first refusal" created or purported to be created by the Governing Documents shall not apply to nor adversely affect the rights of a First Mortgagee to (a) foreclose or take title to a Condominium pursuant to the remedies in the First Mortgage, or (b) accept a deed or assignment in lieu of foreclosure in the event of default by a Mortgagor, or (c) sell or lease a Condominium acquired by the First Mortgagee through any of the remedies described in (a) or (b).

11.2.2. Required Mortgagee Approvals. A Mortgagee Majority must approve any amendment of any of the Governing Documents which is of a material adverse nature to First Mortgagees, as further described in Section 13.2.1.

11.2.3. Deemed Approval. Each First Mortgagee who receives proper written notices from the Association by certified or registered mail with a return receipt requested of any matter requiring the approval of a Mortgagee Majority is deemed to have approved that matter if that First Mortgagee does not submit a written response within sixty (60) days after the notice is delivered to the First Mortgagee.

11.2.4. Notices. Each Mortgagee, insurer and guarantor of a Mortgage encumbering one (1) or more Condominiums, upon filing a written request for notification with the Board, is entitled to written notification from the Association of: (a) any proposed amendment to the Governing Documents affecting a change in (i) the boundaries of any Unit, (ii) the interest in the Condominium Common Area appurtenant to any Unit or the liability for Common Expenses, (iii) the number of Association votes appurtenant to any Unit, or (iv) the purposes to which any Unit or the Association Property are restricted, (b) any proposed termination of the status of the Community as a "condominium project" as defined in California Civil Code Section 4125, (c) any condemnation or casualty loss which affects either a material portion of the Community or the Condominium(s) securing the respective First Mortgage, (d) any delinquency of sixty (60) days or more in the performance of any obligation under the Governing Documents, including the payment of Assessments or charges owed by the Owner(s) of the Condominium(s) securing the Mortgage, which notice each Owner hereby consents to and authorizes, (e) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond kept by the Association, and (f) any proposed action that requires the consent of a specified percentage of First Mortgagees.

11.2.5. First Mortgagee Rights Confirmed. No provision of this Declaration or any other Governing Document gives any Owner or any other party priority over any rights of a First Mortgagee pursuant to its Mortgage concerning payment to the Owner of insurance proceeds or condemnation awards for losses to or taking of a Condominium or any portion of the Association Property.

11.2.6. Unpaid Pre-Foreclosure Assessments. The transfer of fee interest in a Condominium as the result of the exercise of the power of sale or a judicial foreclosure involving a default under the First Mortgage shall extinguish the lien of unpaid Assessments

which were due and payable prior to the date of the transfer, and the transferee shall take title to the Condominium free and clear of all claims for such unpaid Assessments.

11.2.7. **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 DRE before the first Close of Escrow in such Phase. All intended Improvements in any Phase other than Phase 1 shall be substantially consistent with the Improvements in Phase 1 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.

11.2.8. **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 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 Association Property, and the Association shall immediately reimburse First Mortgagees who made such payments.

11.2.9. **Availability of Association Documents; Audits.** Notwithstanding any requirements of the Bylaws, upon request by a First Mortgagee, owner, lender, holder, insurer or guarantor of a First Mortgage or prospective purchaser, the Association shall make available for inspection, during normal business hours, and on the same terms as members those documents listed in California Civil Code Section 4525. Notwithstanding the foregoing, within a reasonable time after receipt of written request by a First Mortgagee, owner, lender, holder, insurer or guarantor of a First Mortgage or prospective purchaser, the Association shall prepare and furnish to such requesting party an audited financial statement of the Association for the immediately preceding fiscal year. The Association shall have the right to be reimbursed by such requesting party for its reasonable costs associated with furnishing an audited financial statement, and the reasonable costs associated with preparing an audited financial statement if the Association is not otherwise obligated to prepare such audited financial statement. For so long as VA is guaranteeing Mortgages in the Community, a Mortgagee Majority shall have the right to demand an audit of the Association's financial records.

11.2.10. **Contracts.** The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, FHA, FHFA, Freddie Mac, Ginnie Mae, Fannie Mae or any similar entity, so as to allow for the purchase, insurance or guaranty of Condominiums, as the case may be, by such entities. Each Owner hereby agrees that it will benefit the Association and the Owners, as a class of potential Mortgage borrowers and potential sellers of their Units, if such agencies approve the 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 Unit.

ARTICLE 12 ENFORCEMENT AND DISPUTE RESOLUTION

12.1. **ENFORCEMENT OF GOVERNING DOCUMENTS.** All violations of the Governing Documents, except for: (a) those governed by Sections 12.2 or 12.3, or (b) those subject to the Right to Repair Law and accordingly subject to resolution through the statutory

non-adversarial pre-litigation process commencing at California Civil Code Section 910 and alternative dispute resolution provisions commencing at Section 12.4 below), or California Civil Code Section 6000, *et seq.*, shall be resolved as follows:

12.1.1. **Right to Enforce.** The Board, the Association, the Declarant and any Owner may enforce the Governing Documents as described in this Article, subject to California Civil Code Sections 5900, *et seq.*, and 5925, *et seq.* Each Owner has a right of action against the Association for the Association's failure to comply with the Governing Documents. Each remedy provided for in this Declaration is cumulative and not exclusive or exhaustive.

12.1.2. **Violations Identified by the Association.** If the Board or the Design Review Committee determines that there is a violation of the 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 Declaration may duplicate County ordinances or regulations. If an Owner does not perform corrective action 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 12.2.

12.1.3. **Violations Identified by an Owner.** If an Owner alleges that another Person is violating the 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 California Civil Code Section 5925, *et seq.*, or litigation for relief.

12.1.4. **Legal Proceedings.** Failure to comply with any of the terms of the 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 California Civil Code Sections 5900, *et seq.*, and 5925, *et seq.* and in Sections 12.1.2 and 12.1.3 must first be followed, if they apply.

12.1.5. **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 Governing Documents. Such fines or penalties may only be assessed pursuant to California Civil Code Section 5850 and 5855. After Notice and Hearing, the Board may direct the officers of the Association to Record a notice of noncompliance (if allowed by law) against a Condominium owned by any Owner who has violated any provision of this Declaration. The notice shall include a legal description of the Condominium and shall specify the provision of this 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 Association to Record a notice that the noncompliance has been remedied.

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

12.1.7. **Limit on Expenditures.** The Association may not incur litigation expenses, including attorneys' fees, or borrow money to fund litigation, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Association first obtains the consent of a majority of the 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 California Civil Code Sections 5900, *et seq.*, and 5925, *et seq.* Such approval is not necessary if the legal proceedings are initiated (a) to enforce the use restrictions contained in Article 2, (b) to enforce the architectural and landscaping control provisions contained in Article 5, (c) to collect any unpaid Assessments levied pursuant to the Governing Documents, (d) for a claim, other than a Right to Repair Law Claim, or a Dispute (defined in Section 12.4) the total value of which is less than Five Hundred Thousand Dollars (\$500,000), (e) as a cross-complaint in litigation to which the Association is already a party, or (f) or (f) in connection with any Right to Repair Law Claim. If the Association decides to use or transfer Reserve Funds or borrow funds to pay for any litigation, the 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 Association's office. The accounting shall be updated monthly.

12.1.8. **No Preconditions to Board Authority to Pursue Certain Claims.** Notwithstanding Section 12.1.7 above, nothing in this Declaration or the other Governing Documents shall be interpreted to impose any precondition or limitation on the Board's authority to commence and pursue any of the matters described in California Civil Code Section 5986(b) against a Declarant Party, except as provided in California Civil Code Sections 5986(c) and 6150.

12.1.9. **County.** The County has the right, but not the obligation, after providing written notice to the Association of its alleged failure to enforce any of the maintenance and management obligations of the Association included within this Declaration, to enforce any of the provisions of the Declaration in which the County has an interest as set forth in the Conditions of Approval for the Community.

12.2. **DELINQUENT ASSESSMENTS.**

12.2.1. **Delinquency.** Assessments are delinquent if not paid within fifteen (15) days after the due date established by the 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 Association may also require the delinquent Owner to pay a late charge in accordance with California Civil Code Section 5650. The 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 Association's right to demand and receive full payment.

12.2.2. **Creation and Release of Lien.**

(a) **Priority of Lien.** All liens levied in accordance with this Declaration shall be prior and superior to (1) any declaration of homestead Recorded after the Recordation of this Declaration, and (2) all other liens, except (A) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (B) 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 Condominium was Recorded.

(b) **Notice Before Creating Lien.** Before the Association may place a lien on an Owner's Condominium to collect a past due Assessment, the 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: (1) the Association's fee and penalty procedure, (2) an itemized statement of the charges owed by the Owner, including the principal owed, any late charges, any interest, the method of calculation, and any attorneys' fees, (3) the collection practices used by the Association, (4) a statement that the Association may recover reasonable costs of collecting past due Assessments, (5) a statement that the Owner has the right to inspect the Association's records, pursuant to California Corporations Code Section 8333, (6) 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," (7) 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 Association, (8) 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 12.2.2(g) below, (9) a statement concerning the Owner's right to dispute the Assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program required in California Civil Code Section 5900, *et seq.* and (10) 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 Association may initiate foreclosure against the Owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

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

(d) **Dispute Resolution Before Foreclosure.** Before initiating a foreclosure for delinquent Assessments, the Association shall offer the Owner and, if the Owner so requests, shall participate in dispute resolution under the 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 binding arbitration is not available if the 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 Association agent. 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 12.2.2(b) above. The 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 date of the postmark of the request, if the request is mailed within fifteen (15) days after 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 Association against any Condominium Owner, as provided in California Civil Code Section 5675. The Notice of Delinquent Assessment must identify (1) the amount of the Assessment and other authorized charges and interest, including the cost of preparing and Recording the Notice of Delinquent Assessment, (2) the amount of collection costs incurred, including reasonable attorneys' fees, (3) a sufficient description of the Condominium that has been assessed, (4) the Association's name and address, (5) the name of the Owner of the Condominium that has been assessed, and (6) if the lien is to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment must be signed by an authorized Association officer or agent and must be mailed in the manner required by California Civil Code Section 2924b to the Owner of record of the Condominium no later than ten (10) calendar days after Recordation. The lien relates only to the individual Condominium against which the Assessment was levied and not to the 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 Association on the Owner's legal representative as provided in California Code of Civil Procedure Section 415.10, *et seq.*

(j) **Secondary Addresses.** Upon receipt of an Owner's written request identifying a secondary address for purposes of collection notices, the Association shall

send an additional copy of any Notice of Intent to Lien, Notice of Delinquent Assessment or other Notice given under Section 12.2.2 to the secondary address provided. The Association shall notify Owners of their right to submit secondary addresses to the Association, when the Association issues its pro forma operating budget under California Civil Code Section 5300. The Owner's request must be in writing and mailed to the Association in a manner which indicates the 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 Association shall only be required to send Notices to the indicated secondary address from the point the Association receives the request.

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

(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 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.

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

(a) The lien on a Condominium may be enforced by foreclosure and sale of the Condominium after the Owners failure to pay any Assessment, or installment thereof, as provided in this 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 Association agent. 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 by identifying the matter in the minutes by the Unit number, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least 30 days before any public sale.

(c) The Board shall provide notice by personal service to an Owner who occupies the Unit or to the Owner's legal representative, if the Board votes to foreclose on the Unit. The Board shall provide written notice to an Owner who does not occupy the Unit by

first-class mail, postage prepaid, at the most current address shown on the Association's books. Unless the Owner provides written notification of a different mailing address to the Association, the address of the Owner's Unit 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 Association (or any Owner if the Association refuses to act) may sue to foreclose the lien if (1) at least thirty (30) days have elapsed since the date on which the Notice of Delinquent Assessment was Recorded, and (2) at least ten (10) days have elapsed since a copy of the Notice of Delinquent Assessment was mailed to the Owner affected thereby. The Association may bid on the Condominium at foreclosure sale, using as a credit bid the amounts secured by its lien plus trustee's fees and expenses, Association funds, or funds borrowed for such purpose, and acquire and hold, lease, mortgage and convey the same. On completion of the foreclosure sale, the Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Condominium, and the defaulting Owner shall be required to pay the reasonable rental value for the 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.

12.2.4. 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 Condominium does not affect the Assessment lien, except that the sale or transfer of any Condominium pursuant to judicial or non-judicial 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 Condominium from liens for any Assessments thereafter becoming due. No Person who obtains title to a Condominium pursuant to a judicial or non-judicial foreclosure of the First Mortgage is liable for the share of the Common Expenses or Assessments chargeable to such Condominium which became due before the acquisition of title to the Condominium by such Person. Such unpaid share of Common Expenses or Assessments is a Common Expense collectible from all Owners including such Person. The Association may take such action as is necessary to make any Assessment lien subordinate to the interests of the California Department of Veterans Affairs under its Cal-Vet loan contracts as if the Cal-Vet loan contracts were First Mortgages.

12.2.5. Alternative Dispute Resolution. An Owner may dispute the Assessments imposed by the Association as provided in this Declaration and in California Civil Code Section 5600, *et seq.* If it is determined through dispute resolution pursuant to the Association's "meet and confer" program required in this Declaration or alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 5925, *et seq.*, that

the Association Recorded a Notice of Delinquent Assessment in error, the Association shall promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the Notice prescribed in Section 5660, and costs of Recordation and release of the lien authorized under Section 5720(b) and pay all costs related to the dispute resolution or alternative dispute resolution.

12.2.6. **Receivers.** In addition to the foreclosure and other remedies granted to the Association in this Declaration, each Owner, by acceptance of a deed to such Owner's Condominium, conveys to the Association all of such Owner's right, title and interest in all rents, issues and profits derived from and appurtenant to such Condominium, subject to the right of the 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 Association may, on the expiration of thirty (30) days following delivery to the Owner of the "Notice of Delinquent Assessment" described in this 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 Declaration, (a) enter in or on and take possession of the Condominium or any part thereof, (b) in the 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 Association may determine. The entering upon and taking possession of the 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 Declaration or invalidate any act done pursuant to such notice.

12.2.7. **Compliance with Law.** To the extent that any provision in this Section 12.2 conflicts with the provisions of the CID Act, the statutory provisions shall control.

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

12.3.1. **Consideration by the Board.** The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond concerning 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 Association has given an extension in writing for the completion of any Association 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.

12.3.2. **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 Association's total voting power. A vote of a majority of the Association's voting power (excluding Declarant) to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the Association's name.

12.4. WARRANTIES, DISCLAIMER OF WARRANTIES, RIGHT TO REPAIR ACT ACKNOWLEDGMENTS AND PROCEDURES AND DISPUTES WITH DECLARANT PARTIES.

12.4.1. **Warranties; Disclaimer of Warranties.** Declarant may, but shall not have any obligation whatsoever, to extend a limited warranty to the original purchaser of a Unit from Declarant, and to some or all of the Association Property transferred by the Declarant to the Association. Nothing in the limited warranty provided to an Owner or to the Association shall diminish any rights or obligations the Owner, the Association or the Declarant may have under the Right to Repair Act. The warranty period for a particular Unit is set forth in the limited warranty. The subsequent resale of the Unit will not extend the warranty period.

(a) **DISCLAIMER OF EXPRESS AND IMPLIED WARRANTIES.** TO THE FULLEST EXTENT PERMITTED BY LAW, DECLARANT EXPRESSLY DISCLAIMS ANY WARRANTIES OTHER THAN THE LIMITED WARRANTY, INCLUDING, BUT NOT LIMITED TO, STATUTORY AND IMPLIED WARRANTIES, WITH RESPECT TO THE UNITS, ASSOCIATION PROPERTY AND THE COMMUNITY. THE LIMITED WARRANTY (IF ANY) IS SUBSTITUTED IN PLACE OF ALL SUCH WARRANTIES. EXAMPLES OF WARRANTIES THAT ARE DISCLAIMED BY DECLARANT INCLUDE, BUT ARE NOT LIMITED TO, STATUTORY WARRANTIES, IMPLIED WARRANTIES, IMPLIED WARRANTY OF QUALITY OR FITNESS FOR USE OR A PARTICULAR PURPOSE, IMPLIED WARRANTY OF CONSTRUCTION IN A GOOD AND WORKMANLIKE MANNER, IMPLIED WARRANTY OF HABITABILITY, AND WARRANTY OF MERCHANTABILITY.

12.4.2. Right to Repair Act Acknowledgments and Non-Adversarial Pre-Litigation Procedures.

(a) **Right to Repair Act.** California Civil Code Section 895, *et seq.*, contained in Part 2 of Division 2, Title 7 of the California Civil Code ("**Right to Repair Act**") governs standards and procedures for the resolution of construction defect matters in residential developments. The legislative intent of the Right to Repair Act is, in part, to "improve the procedures for the administration of civil justice, including standards and procedures for early disposition of construction defects." The Right to Repair Act seeks to afford homeowners, homeowners associations and builders the opportunity for quick and fair resolution of construction defect claims. The Right to Repair Act (i) establishes statutory definitions and "functionality standards" for construction defects based upon how a home, common areas and their respective components should function ("**Performance Standards**"); (ii) divides the Performance Standards into categories such as water intrusion, structural and soils related issues, fire protection issues, plumbing and sewer issues, electrical systems and other areas of construction; (iii) specifies that the components of a home must meet the Performance Standards

for specified periods that range from one (1) year to ten (10) years as set forth in the Right to Repair Act; (iv) excuses a builder from its obligations under the Right to Repair Act if a homeowner or Association (as applicable) fails to properly maintain the home or Association Property (as applicable), fails to promptly notify the builder of damage, fails to permit builder access to inspect the home or Association Property, or if damage to a component is caused by a third party or act of nature or under certain other circumstances specified in the Right to Repair Act; (v) provides builders an absolute right to repair violations of the Performance Standards before the homeowner or Association (as applicable) may file a suit or initiate alternative dispute resolution; (vi) establishes specific "pre-litigation" or "non-adversarial" procedures for handling claims for the violation of the Performance Standards (California Civil Code Sections 910 through 938, inclusive) ("**Act Dispute Procedures**") and strict time periods for a homebuilder to respond to a claim; and (vii) requires builders to maintain and provide to homeowners or the Association (as applicable) under certain circumstances specified information such as plans, specifications, reports and maintenance guidelines.

(b) ***Copy of Right to Repair Act; Notices.*** Pursuant to the Right to Repair Act (California Civil Code Section 912(g)), Declarant has provided to each initial Owner a copy of Part 2 of Division 2 of the California Civil Code which contains the Right to Repair Act (California Civil Code Sections 895 through 945.5, inclusive). The Owners and the Association are hereby notified of the existence of the Right to Repair Act and the Act Dispute Procedures and that the Right to Repair Act and the Act Dispute Procedures impact the legal rights of Owners and the Association. The general description of certain provisions of the Right to Repair Act set forth in Section 12.4.2(a) above is only a brief, non-exclusive list, and each Owner is responsible to carefully read the entire text of the Right to Repair Act to understand all terms and conditions.

(c) ***Notice of Compliance with the Standards.*** The Performance Standards include forty-five (45) separate standards in seven (7) different categories and provide broad protection for California homeowners. Under the Right to Repair Act, Declarant is entitled to adopt performance standards other than the Performance Standards; however, Declarant has elected not to adopt such alternate standards and to comply with the Performance Standards. Therefore the Performance Standards shall govern the rights and obligations of Owners, the Association and Declarant with respect to any construction defect claims regarding the Community.

(d) ***Agent for Notice of Right to Repair Act Claim.*** The Act Dispute Procedures require that if an Owner or the Association makes a claim for damages arising from the violation of any of the Performance Standards, Owner or the Association (as applicable) shall provide (i) the required notice to Declarant's agent for notice of claims under the Right to Repair Act at the following address:

Taylor Morrison
Attn: Vice President of Construction
4695 MacArthur Court, 8th Floor
Newport Beach, CA 92660

(See California Civil Code Section 910) by certified mail, overnight mail or personal delivery, and (ii) access to the Unit or Association Property in accordance with the Right to Repair Act for Declarant to conduct inspections and testing and to perform repairs. The failure of an Owner or the Association to provide Declarant with reasonable and timely access for inspections and repairs may limit a claimant's ability to recover damages for a claim (California Civil Code Section 945.5(b)). The foregoing notice requirements do not preclude an Owner or the Association from seeking redress through Declarant's normal customer service procedures or under Declarant's limited warranty and any manufacturers' limited warranties, if any were provided (California Civil Code Section 910(b)).

(e) ***Notice of Compliance with and Election to use Act Dispute Procedures.*** Although the Right to Repair Act at California Civil Code Section 914 allows Declarant to "opt out" of the Act Dispute Procedures and to require the use of alternative non-adversarial contractual provisions for the resolution of Disputes governed by the Right to Repair Act (each, a ***"Right to Repair Act Claim"***), Declarant has elected to use the Act Dispute Procedures for the resolution of Right to Repair Act Claims brought by Owners (and, except as provided by Section 12.4.3(c)(xv) below, Right to Repair Act Claims brought by the Association) before they are submitted to binding arbitration. If, for any reason, a Right to Repair Act Claim is not resolved after submittal for resolution under the Act Dispute Procedures, then it may be submitted for resolution in accordance with the binding arbitration procedure set forth in Section 12.4.3(c) below. Declarant also requires the other parties defined as "Declarant Parties" in Section 12.4.3 below to (i) comply with the Right to Repair Act pursuant to the terms of its contracts with such parties, and (ii) cooperate in good faith with Declarant in resolving Right to Repair Act Claims. Each Owner and the Association acknowledges that Declarant has notified each Owner and the Association that Declarant will be bound by the Act Dispute Procedures for the resolution of construction defect claims regarding the Community. Each Owner and the Association acknowledges that this Declaration recorded against the Community includes a notice of the existence of the Act Dispute Procedures and a notice that such Procedures impact the legal rights of each Owner and the Association as it pertains to the Community, as required by California Civil Code Section 912(f). Each Owner has had the opportunity to read the Act Dispute Procedures, understands same and acknowledges that the Act Dispute Procedures impact their legal rights with respect to the Community.

(f) ***Applicability to California Civil Code Section 6000.*** As to any Dispute (defined below) covered by this Declaration that involves the Association Property or any other areas of the Community that the Association is required to maintain, repair or replace, as set forth in the Declaration or any Supplemental Declaration, and prior to the commencement of any arbitration proceedings as set forth in Section 12.4.3(c) below, the Association shall serve on Declarant a "Notice of Commencement of Legal Proceedings" as set forth in California Civil Code Section 6000, as may be amended from time to time. Except as modified herein (and specifically, Section 12.4.3(c)(xv), below, allowing access and repair rights to Declarant) or as may be precluded by Section 910, *et seq.*, of the Right to Repair Act, Association and Declarant agree that as to Disputes within the purview and scope of California Civil Code Section 6000 between Association and Declarant, the pre-litigation procedures of California Civil Code Section 6000 shall control prior to the commencement of the arbitration proceedings in Section 12.4.3(c). However, because Declarant has elected to utilize the provisions of the Right to Repair Act, pursuant to California Civil Code Section 910, *et seq.*, such access and repair

protocol shall take precedence and, to the extent allowed by law, be part of and included within the pre-litigation procedures of California Civil Code Section 6000 to avoid duplication.

(g) ***Receipt of Documents.*** Each Owner acknowledges that they have received and may in the future receive certain agreements, disclosures and documents in connection with Owner's purchase of a Unit ("***Documents***"). Owners shall maintain a full and complete copy of the Documents. Owners shall provide any subsequent buyer of a Unit a complete copy of the Documents as required by the Right to Repair Act (California Civil Code Section 912(h)), including, without limitation, a copy of the homeowners maintenance manual or other maintenance or preventative maintenance information provided or to be provided by Declarant to Owners; all manufactured products maintenance, preventative maintenance and limited warranty information provided by Declarant to Owners and the limited warranty provided by Declarant. Each Owner shall instruct subsequent buyers of the Unit to provide to their subsequent buyers a complete copy of the Documents. Similarly, the Association acknowledges that Declarant has instructed the Association to provide any documents provided to the Association in conjunction with the original transfer of any Association Property to any subsequent transferee, and the Association hereby covenants to provide all of such documents to any subsequent transferee of the Association Property.

(h) ***Maintenance Requirements.*** Each Owner, as to such Owner's respective Unit, and the Association, as to the Association Property, acknowledges that Declarant has provided each Owner and the Association with the maintenance and preventative maintenance schedules and obligations pertaining to the Owner's Unit and the Association's Association Property. Notwithstanding the foregoing, Declarant reserves the right, by written notice to Owner or to the Association, as applicable, to supplement and/or amend such maintenance and preventative maintenance schedules and obligations from time to time. Each Owner and the Association also acknowledges that by law, each Owner is obligated to follow all reasonable maintenance and preventative maintenance schedules and obligations communicated in writing by Declarant as well as all commonly accepted maintenance practices. Each Owner and the Association covenants to faithfully follow all maintenance and preventative maintenance schedules and obligations applicable to the Unit or the Association Property, as the case may be, and each Owner shall require and cause any tenant or lessee of the Unit, to follow all such schedules and obligations.

(i) ***Manufactured Products Maintenance and Limited Warranty Information.*** Each Owner, as to such Owner's respective Unit, and the Association, as to the Association Property, acknowledges that Declarant has provided such Owner and the Association with the manufactured product maintenance, preventative maintenance and limited warranty information (as applicable) pertaining to such Owner's Unit, or the Association Property. Notwithstanding the foregoing, Declarant reserves the right, by written notice to each Owner, or to the Association, as applicable, to supplement and/or amend such manufactured product maintenance, preventative maintenance and limited warranty information from time to time. Each Owner and the Association also acknowledge that by law, such Owner and Association are obligated to follow all reasonable maintenance and preventative maintenance schedules and obligations communicated in writing from Declarant as well as commonly accepted maintenance practices. Each Owner and the Association covenants 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 (as applicable), and each Owner shall require and cause any tenant or lessee of the Unit to follow all such schedules and obligations.

12.4.3. **Declarant Dispute Procedures.**

(a) ***In General.*** This Section 12.4.3 sets out the procedure for the resolution of disputes between an Owner and/or the Association, on the one hand, and the Declarant, Declarant's affiliated and related entities, and each of their respective employees, officers, directors, agents, representatives, contractors, subcontractors, consultants, agents, vendors, suppliers, design professionals, insurers and any other person whom any Owner or the Association contends is responsible for any of the matters described in Section 12.4.3(b) below, on the other hand (each, a "***Declarant Party***"). The dispute resolution procedures in this Section 12.4.3 do not replace Declarant's customer or warranty service procedures, and Owners and the Association are encouraged to resolve disputes through those procedures prior to initiating any procedures hereunder.

(b) ***Applicability.*** ANY AND ALL CLAIMS, CONTROVERSIES, BREACHES OR DISPUTES BY OR BETWEEN ANY OWNER(S) OR THE ASSOCIATION, ON THE ONE HAND, AND DECLARANT, ON THE OTHER HAND, ARISING OUT OF OR RELATED TO THE PURCHASE AGREEMENT FOR THE PURCHASE OF A RESIDENCE, THE UNIT, RESIDENCE, ASSOCIATION PROPERTY, THE COMMUNITY OF WHICH THE UNIT, RESIDENCE AND ASSOCIATION PROPERTY ARE A PART, THE SALE AND CONVEYANCE OF UNITS, RESIDENCES AND ASSOCIATION PROPERTY BY DECLARANT, OR ANY TRANSACTION RELATED HERETO, WHETHER SUCH DISPUTE IS BASED ON CONTRACT, TORT, STATUTE, OR EQUITY, INCLUDING WITHOUT LIMITATION, ANY DISPUTE OVER:

- (i) THE DISPOSITION OF ANY DEPOSITS;
- (ii) BREACH OF CONTRACT;
- (iii) NEGLIGENCE OR INTENTIONAL MISREPRESENTATION
OR FRAUD;
- (iv) NONDISCLOSURE;
- (v) BREACH OF ANY ALLEGED DUTY OF GOOD
FAITH AND FAIR DEALING;
- (vi) ALLEGATIONS OF LATENT OR PATENT DESIGN
OR CONSTRUCTION DEFECTS, INCLUDING WITHOUT LIMITATION, PURSUANT TO
THE RIGHT TO REPAIR ACT, BUT ONLY TO THE EXTENT NOT FIRST RESOLVED BY
THE ACT DISPUTE PROCEDURES OF THE RIGHT TO REPAIR ACT (AS DEFINED IN
SECTION 12.4.2(a) ABOVE);

(vii) ANY AND ALL ACTUAL DAMAGES OR HARM TO THE UNIT OR RESIDENCE OR ASSOCIATION PROPERTY ALLEGED TO HAVE BEEN INCURRED OR SUFFERED;

(viii) THE COMMUNITY, INCLUDING WITHOUT LIMITATION, THE PLANNING, SURVEYING, DESIGN, ENGINEERING, GRADING, SPECIFICATIONS, CONSTRUCTION OR OTHER DEVELOPMENT OF THE COMMUNITY OR PARCEL/TRACT OF WHICH THE COMMUNITY IS A PART;

(ix) DECEPTIVE TRADE PRACTICES;

(x) ANY LIMITED WARRANTY PROVIDED BY DECLARANT TO THE INITIAL OWNER OF A UNIT; OR

(xi) ANY OTHER MATTER ARISING OUT OF OR RELATED TO THE INTERPRETATION OF ANY TERM OR PROVISION OF THE PURCHASE AGREEMENT BETWEEN DECLARANT AND ANY OWNER, OR ANY DEFENSE GOING TO THE FORMATION OR VALIDITY OF THE PURCHASE AGREEMENT, OR ANY PROVISION OF THE PURCHASE AGREEMENT, INCLUDING DEPOSIT DISPUTES, THE ARBITRATION PROVISION, ALLEGATIONS OF UNCONSCIONABILITY, FRAUD IN THE INDUCEMENT, OR FRAUD IN THE EXECUTION, WHETHER SUCH DISPUTE ARISES BEFORE OR AFTER THE CLOSE OF ESCROW, (EACH A "**DISPUTE**"), SHALL BE ARBITRATED PURSUANT TO THE FEDERAL ARBITRATION ACT IN ACCORDANCE WITH THE BINDING ARBITRATION PROCESS DESCRIBED IN SECTION 12.4.3(c) BELOW.

(c) **ARBITRATION OF DISPUTES.** THIS ARBITRATION PROVISION SHALL BE DEEMED TO BE SELF-EXECUTING. ANY DISPUTE CONCERNING THE INTERPRETATION OR THE ENFORCEABILITY OF THIS ARBITRATION PROVISION, INCLUDING WITHOUT LIMITATION, ITS REVOCABILITY OR VOIDABILITY FOR ANY CAUSE, ANY CHALLENGES TO THE ENFORCEMENT OR THE VALIDITY OF THE PURCHASE AGREEMENT BETWEEN DECLARANT AND ANY OWNER, OR ANY AGREEMENT BETWEEN DECLARANT AND THE ASSOCIATION, OR THIS ARBITRATION PROVISION, OR THE SCOPE OF ARBITRABLE ISSUES UNDER THIS ARBITRATION PROVISION, AND ANY DEFENSE RELATING TO THE ENFORCEMENT OF THIS ARBITRATION PROVISION, INCLUDING WITHOUT LIMITATION, WAIVER, ESTOPPEL, OR LACHES, SHALL BE DECIDED BY THE SUPERIOR COURT FOR THE COUNTY IN WHICH THE UNIT IS LOCATED.

(i) Rules and Procedures. Disputes shall be resolved by and pursuant to the arbitration rules and procedures of Judicial Arbitration and Mediation Services ("**JAMS**") in effect at the time the request for arbitration is submitted so long as the rules and procedures are equivalent to the rules and procedures of the American Arbitration Association ("**AAA**"). In the event JAMS is for any reason unwilling or unable to serve as the arbitration service, then the parties shall select another reputable arbitration service. If the parties are unable to agree on an alternative service, then either party may petition any court of

competent jurisdiction in the county in which the Community is located to appoint such an alternative service, which shall be binding on the parties. The rules and procedures of such alternative service in effect at the time the request for arbitration is submitted must be equivalent to the rules and procedures of the AAA and shall be followed.

(ii) Federal Arbitration Act. The Association and each Owner, on behalf of themselves and their successors and assigns, expressly acknowledge that the purchase, sale and/or conveyance of the real property and Improvements herein involves and concerns interstate commerce and is governed by the provisions of the Federal Arbitration Act (9 U.S.C. Section 1, *et seq.*) now in effect and as the same may from time to time be amended, to the exclusion of any different or inconsistent state or local law, ordinance, regulation, or judicial rule. Accordingly, any and all Disputes as defined in Section 12.4.3(b) shall be arbitrated – which arbitration shall be mandatory and binding – pursuant to the Federal Arbitration Act.

(iii) Participation by Other Parties. The Association, each Owner and Declarant agree that any such arbitration shall only be between such Owner or the Association, as applicable, and Declarant and shall not be joined or consolidated with the claims or arbitration of any other party unless specifically agreed to in writing by such Owner or the Association, as applicable, and Declarant, and agree the arbitrator is not authorized to permit any consolidation or joinder with any other party. Notwithstanding the preceding sentence, either Owner or the Association, as applicable, or Declarant may join subcontractors and suppliers involved in the design and construction of the Improvements to the Unit, Association Property or Community. This arbitration provision shall inure to the benefit of, and be enforceable by, Declarant, Declarant's affiliated and related entities, and each of their respective employees, officers, directors, agents, representatives, contractors, subcontractors, consultants, agents, vendors, suppliers, design professionals, insurers and any other person whom an Owner or the Association contends is responsible for any alleged defect in or to the Unit or Association Property or any Improvement or appurtenance thereto. The participation by any party, or any party whom an Owner or the Association contends is responsible for a Dispute, in any judicial proceeding concerning this arbitration provision or any matter arbitrable hereunder shall not be asserted or accepted as a reason to delay, to refuse to participate in arbitration, or to refuse to compel arbitration, including instances in which the judicial proceeding involves parties not subject to this arbitration provision and/or who cannot otherwise be compelled to arbitrate.

(iv) Costs and Attorney's Fees. In the event any Dispute arises under the terms of the purchase agreement or any limited warranty provided by Declarant to the initial Owner of a Unit or the Association or in the event of the bringing of any arbitration action by a party hereto against another party hereunder by reason of any breach of any of the covenants, agreements or provisions on the part of the other party arising out of the purchase agreement or the limited warranty, then all fees and costs shall be borne separately between the parties, including, but not limited to, all attorneys' fees, arbitration fees and expert witness costs resulting from the Dispute. The foregoing provision does not modify any provision of any contract between Declarant and any third party requiring indemnification or establishing a different allocation of fees and costs between Declarant and such third party. Notwithstanding the foregoing, the filing fees to initiate arbitration shall be advanced by Declarant in accordance with JAMS or AAA equivalent fee schedule.

(v) Available Remedies. The arbitrator shall be authorized to provide all recognized remedies available in law or in equity for any cause of action that is the basis of the arbitration.

(vi) Final and Binding Award. The decision of the arbitrator shall be final and binding. Owner and/or the Association and Declarant Parties expressly agree that should either party fail to satisfy the arbitrator's decision within thirty (30) days of receipt of notice of the decision, then an 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 in which the Community is located.

(vii) Rules 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.

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

(ix) Venue. The venue of the arbitration shall be in the County where the Community is located unless the parties agree in writing to another location.

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

(xi) Discovery. Notwithstanding anything inconsistent in the rules and procedures of the arbitration service, the parties to the arbitration shall have the right to conduct a reasonable amount of discovery, including written discovery, depositions and inspections and testing, all as approved and coordinated by the arbitrator.

(xii) Conflict. If any provision of this Section 12.4.3(c) is in conflict with or is different than any alternative dispute resolution provision of the purchase agreement between Declarant and the initial Owner of a Unit, then the alternative dispute resolution provision of the purchase agreement shall control concerning Disputes between the Declarant and initial Owner. However, any and all Disputes between Declarant and any subsequent Owner of a Unit shall be resolved in accordance with this Section 12.4.3(c).

(xiii) CLASS AND GROUP ACTIONS NOT AVAILABLE. THE PARTIES HAVE AGREED TO ARBITRATE DISPUTES UNDER THE FEDERAL ARBITRATION ACT DUE TO THE MUTUAL ADVANTAGES OF ARBITRATION OVER BRINGING AN ACTION IN COURT TO RESOLVE A DISPUTE. THE ASSOCIATION, AND EACH OWNER, ON BEHALF OF THEMSELVES AND THEIR SUCCESSORS AND ASSIGNS, ACKNOWLEDGES THAT GROUP AND CLASS ACTION CLAIMS ARE INCONSISTENT WITH ARBITRATION UNDER THE FEDERAL ARBITRATION ACT. ARBITRATION OF A GROUP OR CLASS ACTION DESTROYS THE ADVANTAGES OF THE ARBITRATION PROCESS SUCH AS SPEED, EFFICIENCY, AND LOWER COSTS DUE TO THE COMPLEXITIES INVOLVED IN A GROUP OR CLASS ACTION. FOR

THESE REASONS, THE ASSOCIATION, EACH OWNER AND DECLARANT MUTUALLY AGREE TO WAIVE THE RIGHT TO BRING A GROUP OR CLASS ACTION CLAIM IN THE ARBITRATION, INCLUDING, WITHOUT LIMITATION, CLAIMS BROUGHT AS A CLASS REPRESENTATIVE, CLASS MEMBER, REPRESENTATIVE ON BEHALF OF OTHERS OR PRIVATE ATTORNEY GENERAL ON BEHALF OF THE GENERAL PUBLIC.

(xiv) Notification. The Association and each Owner agrees to provide Declarant with written notice of any matters relating to a Dispute as soon as is reasonably possible after the Association or an Owner becomes aware, or should have become aware, of such matters and Dispute. Notice to Declarant under this Subsection does not constitute notice of a claim, or any other notice, under the Right to Repair Act.

(xv) Cooperation; Access; Repair. The Association and each Owner, on behalf of themselves, successors and assigns, expressly agree to provide Declarant, Declarant Parties and their representatives, contractors, and others as Declarant may request, with prompt, reasonable cooperation, which may, for example, include access to all portions of the Community, Unit, Residence and/or Association Property, in order to facilitate Declarant's investigation regarding a Dispute including, without limitation, for purposes of inspecting, testing, repairing, replacing, correcting, or otherwise addressing matters related to the Dispute. If the Dispute arises out of or relates to the planning, surveying, design, engineering, grading, specifications, construction, or other development of the Community, Unit, Residence and/or Association Property, Declarant Parties are hereby granted the irrevocable right, but are under no obligation, to inspect, repair and/or replace any and all affected parts of the Community, Unit, Residence and/or Association Property. The right, but not obligation, to access, inspect, repair and/or replace any and all affected parts of the Community, Unit, Residence and/or Association Property may be exercised by the applicable Declarant Party at any time prior to the initiation of arbitration proceedings as set forth above.

(xvi) NOTICE. BY ACCEPTING INDIVIDUAL GRANT DEEDS AND/OR ACKNOWLEDGEMENT OF RECEIPT OF THE GOVERNING DOCUMENTS, THE ASSOCIATION AND EACH OWNER, ALONG WITH DECLARANT, AGREE TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION 12.4.3 DECIDED BY NEUTRAL, BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS NOT INCONSISTENT WITH THE FEDERAL ARBITRATION ACT, AND THE ASSOCIATION, EACH OWNER AND DECLARANT PARTIES ARE GIVING UP ANY RIGHTS THE ASSOCIATION, EACH OWNER AND DECLARANT PARTIES MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL OR OTHER PROCEEDING. IN ADDITION, THE ASSOCIATION, EACH OWNER AND DECLARANT ARE GIVING UP THEIR RESPECTIVE JUDICIAL AND/OR STATUTORY RIGHTS TO DISCOVERY, TRIAL AND APPEAL, EXCEPT TO WHATEVER EXTENT ANY RIGHTS ARE SPECIFICALLY INCLUDED IN THIS AGREEMENT TO ARBITRATE. IF THE ASSOCIATION, ANY OWNER AND/OR DECLARANT OR OTHER DECLARANT PARTY REFUSE TO SUBMIT TO ARBITRATION, 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 NOT INCONSISTENT WITH THE FEDERAL ARBITRATION ACT, AND/OR ARBITRATION MAY GO FORWARD IN THE ABSENCE OF THE REFUSING PARTY. THE PARTIES' AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

(d) ***Affirmative Defenses Applicable to Disputes.*** Each Declarant Party shall have available to it, without limitation, the following non-exclusive list of affirmative defenses in response to a claimed violation of the provisions of the Right to Repair Act, or any other standards, laws, ordinances, rules or regulations, pursued by the Association or any Owner under this Section 12.4.

(i) Unforeseen Acts of Nature. To the extent any obligation, damage, loss or liability is caused by an unforeseen act of nature which caused the Improvement not to meet the standard. For purposes of this Section, an "unforeseen act of nature" means a weather condition, earthquake, or manmade event such as war, terrorism, or vandalism, in excess of the design criteria expressed by the applicable building codes, regulations, and ordinances in effect at the time of original construction.

(ii) Failure to Mitigate. To the extent any obligation, damage, loss or liability is caused by the unreasonable failure to minimize or prevent those damages in a timely manner, including the failure to allow reasonable and timely access for inspections and repairs under this section. This includes the failure to give timely notice to the Declarant after discovery of a violation, but does not include damages due to the untimely or inadequate response of Declarant Parties to the claim.

(iii) Failure to Maintain. To the extent any obligation, damage, loss or liability is caused by the Association or an Owner, or their agent, employee, subcontractor, independent contractor, or consultant by virtue of their failure to follow Declarant's or manufacturer's Maintenance Guidelines, or commonly accepted maintenance practices.

(iv) Alterations, Misuse, Abuse or Neglect. To the extent any obligation, damage, loss or liability is caused by the Association or any Owner, or their agent's or an independent third party's alterations, ordinary wear and tear, misuse, abuse, or neglect, or by the Improvement's use for something other than its intended purpose.

(v) Statutes of Limitation. To the extent that the time period for filing actions bars filing a claim concerning the claimed violation.

(vi) Release of Declarant Party. As to a particular violation for which Declarant or a Declarant Party has obtained a valid release.

(vii) Successful Repair by Declarant Party. To the extent that the repair was successful in correcting the particular violation of the applicable standard.

(viii) Wear and Tear. To the extent that the claimed damage was caused by or due to ordinary wear and tear.

(ix) Materials Furnished or Installed by the Association or Owner. Any damage caused by or due to materials or Improvements furnished or installed by or at the request of the Association or an Owner, including any work done by anyone other than the applicable Declarant Party or the employees, agents, or subcontractors expressly selected by the Declarant Party.

(x) Variations in Natural Materials. Variations in natural materials, such as stone, marble, wood grain and color of stained wood used in cabinets, paneling, siding, doors and wood trim. These variations are inherent characteristics of natural materials and are not a defect.

(xi) Failure to Give Timely Notice. Any defect, loss or damage caused or made worse by the Association or an Owner's failure to timely notify Declarant of any such defect, loss or damage.

(xii) Refusal to Allow Repair. Any defect, loss or damage caused by the Association or an Owner's failure and refusal to allow reasonable and timely access for inspections and/or repairs.

(xiii) Association, Owner or Third Party Negligence. Any defect, loss or damage caused or made worse by the negligence of the Association, an Owner (or his/her agents, employees, subcontractors, independent contractors or consultants) or a third party (such as a guest or invitee).

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

12.4.4. **Statute of Limitations.** Nothing herein shall be considered to reduce or extend any applicable statute of limitations.

12.4.5. **Covenant Regarding Proceeds.** If the Association or any Owner prevails 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.

12.4.6. **No Enhanced Protection Agreement.** Nothing in this Declaration constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of the Association, Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Right to Repair Act Claim.

12.4.7. **Approval of Amendments.** No amendment may be made to Section 12.4 without the prior written approval of Declarant.

ARTICLE 13 DURATION AND AMENDMENT

13.1. **DURATION.** This Declaration shall continue in full force unless a declaration of termination satisfying the requirements of an amendment to this Declaration established in Section 13.2 is Recorded.

13.2. TERMINATION AND AMENDMENT.

13.2.1. **Amendment Approval.** Notice of the subject matter of a proposed amendment to this Declaration or an "extraordinary action" (defined below) in reasonably detailed form must be included in the notice of any 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 13.2.6 or 13.2.7 respectively) or an extraordinary action must be (a) adopted by the vote, in person or by proxy, or written consent of Owners representing not less than (1) sixty-seven percent (67%) of the voting power of each Class of the Association and (2) sixty-seven percent (67%) of the Association's voting power represented by Owners other than Declarant, provided that the specified percentage of the Association's voting power necessary to amend a specific provision of this 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 or extraordinary action, and (b) approved by the requisite percentage of First Mortgagees of matters described in Sections 13.2.2(a) and 13.2.2(b) below, and (2) termination of the Declaration as described in Section 13.2.4. . In addition to the foregoing, until the conversion of the Class B membership to Class A, all material amendments and extraordinary actions must have the approval of VA, if VA has guaranteed any Mortgages secured by Condominiums in the Community.

13.2.2. **Mortgagee Consent.** In addition to the consents required by Section 13.2.1, a Mortgagee Majority must approve any material amendment to this Declaration, any Notice of Addition and any Supplemental Declaration or extraordinary action, as defined below:

(a) **Material Amendments.** Material amendments consist of any amendment adding, deleting or modifying any provision concerning any of the following:

- (i) Assessment basis or Assessment liens;
- (ii) Any method of imposing or determining any charges to be levied against an Owner;
- (iii) Any scheme of regulation or enforcement or standards for maintenance, architectural design or exterior appearance of Improvements on the Condominiums (as applicable);

(iv) The addition, annexation or withdrawal of land to or from the Community;

(v) Voting rights;

(vi) Increases in Assessments that raise the existing Assessment by more than 25%, Assessment liens or the priority of Assessment liens;

(vii) Reductions in reserves for maintenance, repair and replacement of the Association Property;

(viii) Responsibility for maintenance and repairs;

(ix) Reallocation of interest in the Condominium Common Area, reallocation of liability for Common Expenses, or reallocation of rights to the use of Association Property;

(x) Redefinition of any Unit boundaries

(xi) Convertibility of Units into Association Property or vice versa;

(xii) Any amendment relating to (i) the insurance provisions in Article 8, (ii) the application of insurance proceeds in Article 9, or (iii) the disposition of any money received in any taking under condemnation proceedings.

(xiii) Imposing restrictions on leasing or sale of Units;

(xiv) Restoration or repair of the Community (after damage or partial condemnation) in a manner other than that specified in this Declaration; or

(xv) Any amendment to a provision which is for the express benefit of Mortgagees, including:

(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 Mortgages.

(b) Any amendment which would require a Mortgagee after it has acquired a 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 Condominium not being separately assessed for tax purposes.

(d) Any amendment which would or could result in partition or subdivision of a Condominium in any manner inconsistent with this Declaration.

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

(b) **Extraordinary Actions.** Extraordinary actions consist of the following:

(i) Merging or consolidating the Association (other than with another non-profit entity formed for purposes similar to the Association);

(ii) Abandoning, partitioning, encumbering, mortgaging, conveying, selling, or otherwise transferring or relocating the boundaries of Association Property (except for granting easements which are not inconsistent with or which do not interfere with the intended Association Property use, dedicating Association Property as required by a public authority; limited boundary-line adjustments made in accordance with the provisions of this Declaration, or transferring Association Property pursuant to a merger or consolidation with a non-profit entity formed for purpose similar to the Association;

(iii) Making capital expenditures (other than for repair or replacement of existing Improvements) during any period of 12 consecutive months costing more than 20 percent of the annual operating Budget;

(iv) Expansion or contraction of the Community or the addition, annexation or deannexation of real property to or from the Community other than by Declarant under Sections 16.1 and 16.5 of this Declaration which increases the overall land area of the Community or the number of Units by more than 10%; or

(v) Any decision by the Association to establish self-management if professional management had been required previously by the Governing Documents or by a Mortgagee majority or a majority vote of the Owners.

13.2.3. **Amendment of Right to Repair Law Provisions.** Neither this Section 13.2.3 nor Sections 1.1.48, 1.1.77, 1.1.78, 2.2.4, 3.36, 4.2.7, 4.5, 12.1.7, 12.4, 13.2.6, 13.2.7 or 15.7 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). References herein to Sections include their respective subparts.

13.2.4. **Termination Approval.** Termination of this Declaration or the status of the Community as a "condominium project" as defined in California Civil Code Section 4125 requires approval of (a) sixty-seven percent (67%) of the First Mortgagees, (b) the Owners as provided in Section 13.2.1, and (c) 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); provided however, in the event a material portion of the Community is affected by either damage or destruction (as described in Article 9) or a taking (as described in Article 10), then any election to terminate the status of the Community as a "condominium project" as defined in California Civil Code Section 4125 requires approval of a Mortgagee Majority and the Owner and Declarant approvals described above.

13.2.5. **Certificate.** A copy of each amendment must be certified by at least two (2) Association officers. The amendment becomes effective when a Certificate of Amendment is Recorded. The certificate, signed and sworn to by two (2) Association officers that the requisite number of Owners and Mortgagees have approved the amendment, when Recorded, is conclusive evidence of that fact. The 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 First Mortgagees must include a certification that the requisite approval of such First Mortgagees was obtained or deemed given in accordance with Section 11.2.3.

13.2.6. **Amendment or Termination by Declarant.**

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

(i) ***Minor Corrections.*** Notwithstanding any other provisions of this Article, Declarant (as long as Declarant owns any portion of the Community or the Annexable Area) may unilaterally amend this Declaration, a Notice of Addition or a Supplemental Declaration by Recording a written instrument signed by Declarant to: (1) conform this Declaration, the Notice of Addition or the Supplemental Declaration to the rules, regulations or requirements of FHFA, VA, FHA, DRE, Fannie Mae, Ginnie Mae, Freddie Mac or the County, (2) amend, replace or substitute any exhibit to correct typographical or engineering errors, (3) include any exhibit that was inadvertently omitted at the time of Recording, (4) comply with any County, State or Federal laws or regulations, (5) correct typographical errors in any provision of this Declaration, a Notice of Addition or Supplemental Declaration, (6) supplement this Declaration, a Notice of Addition or Supplemental Declaration with provisions which pertain to rights and obligations of Declarant, the Association or Owners arising under the Right to Repair Law, (7) re-Phase any portion of the Community, (8) Change any exhibit or provision of this Declaration, a Notice of Addition, or Supplemental Declaration to conform to as-built conditions, and (9) amend any provision or exhibit of this Declaration, a Notice of Addition, or Supplemental Declaration for consistency with revisions to a Condominium Plan made pursuant to Section 15.8 below.

Nothing in this Section 13.2.6 may be amended or terminated 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).

13.2.7. **Minor Corrections by the Board.** The Board may amend this Declaration, or a Notice of Addition or Supplemental Declaration for the reasons stated in clauses (2), (3), (4), (5) or (8) of Section 13.2.6(a)(i) by Recording a written instrument signed by two officers of the Association certifying that the Board approved the amendment for the

purposes described therein. 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 Association that affects the rights of Declarant under the Right to Repair Law, this Declaration or any Supplemental Declaration or Notice of Addition, or for any amendment by the Board concerning matters discussed in Articles 3 or 15.

ARTICLE 14 GENERAL PROVISIONS

14.1. MERGERS OR CONSOLIDATIONS. In a merger or consolidation of the Association with another association, the property, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the property, rights and obligations of another association may, by operation of law, be added to the property, rights and obligations of the 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 this Declaration governing the Community, together with the covenants and restrictions established on any other property, as one (1) plan.

14.2. NO PUBLIC RIGHT OR DEDICATION. Nothing in this Declaration is a gift or dedication of all or any part of the Community to the public, or for any public use.

14.3. NOTICES. Except as otherwise provided in this Declaration, notice to be given to an Owner must be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one (1) or more co-Owners, or any general partner of a partnership owning a Condominium, constitutes delivery to all Owners. Personal delivery of such notice to any officer or agent for the service of process on a corporation or limited liability company constitutes delivery to the corporation or limited liability company. Such notice may also be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address has been furnished, to the street address of such Owner's Condominium. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Owners or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as may be fixed and circulated to all Owners.

14.4. CONSTRUCTIVE NOTICE AND ACCEPTANCE. Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Condominium or other portion of the Community consents and agrees to every limit, restriction, easement, reservation, condition and covenant contained in this Declaration, whether or not any reference to these restrictions is in the instrument by which such Person acquired an interest in the Community. As soon as practicable before sale or transfer of title to a Condominium or other separate interest in the Community or execution of a real property sales contract therefor, the Owner of the

Condominium or other separate interest shall provide to the purchaser copies of the Governing Documents listed in California Civil Code Section 4525.

ARTICLE 15

DECLARANT'S RIGHTS AND RESERVATIONS

If there is a conflict between any other portion of the Governing Documents and this Article, this Article shall control.

15.1. **CONSTRUCTION RIGHTS.** Until Declarant no longer owns any portion of the Community or the Annexable Area, Declarant has the right, without obtaining the approval of the Association, to (a) subdivide or re-subdivide the portions of the Community owned by Declarant, (b) complete or modify Improvements in the Association Property, or in any portion of the Community or Annexable Area that is owned or leased solely or partially by Declarant, (c) alter Improvements and Declarant's construction plans and designs, (d) modify Declarant's development plan for the Community and the Annexable Area, including designating and redesignating Phases, reshaping the Condominiums and Association Property, and constructing dwellings of larger or smaller sizes, values, and of different types, (e) modify, extend, postpone or terminate the annexation of any or all of the Annexable Area, or the completion of the Community, for any purpose, including changed economic conditions, changes in Declarant's business plans or other factors determined by Declarant in its sole discretion, and (f) construct additional or different Improvements, all as Declarant considers advisable in the course of development of the Community. Declarant may temporarily erect barriers, close off and restrict access to portions of the Association Property as reasonably necessary to allow Declarant to exercise the rights reserved in this Section so long as an Owner's access to that Owner's Condominium is not eliminated. For so long as FHA is insuring or VA is guaranteeing Mortgages in the Community, such changes must be approved by FHA or VA, as applicable.

15.2. **SALES AND MARKETING RIGHTS.** Declarant shall have the following rights related to sales and marketing, all of which may be exercised unilaterally by Declarant in Declarant's sole discretion. The rights reserved in this Section will terminate on the date of the last Close of Escrow for sale of a Condominium in the Community and Annexable Area.

15.2.1. **Marketing and Sales Facilities.** Declarant's rights under this Declaration include the right to install and maintain such structures, displays, signs, billboards, flags and sales offices in the Community, and the right to use any land, Units or mobile homes owned or leased by Declarant in the Community as model home complexes, design centers, welcome centers, home-finding centers, real estate sales offices or leasing offices, all as may be reasonably necessary to conduct the business of completing construction, marketing and disposing of the Community and the Annexable Area by sale, resale, lease or otherwise. Furthermore, nothing in the Governing Documents shall be deemed to limit, and no Owner, nor the Association shall interfere with the rights of prospective purchasers, sales agents, or Declarant to use any and all portions of the Association Property for access to the marketing and sales facilities of Declarant. The exercise of the foregoing reserved rights shall be exercised in a way not to unreasonably interfere with the use and enjoyment thereof by the Owners or their Families, tenants and invitees of an Owner's Condominium or the Association Property, and such reserved rights shall automatically terminate on the date of the last Close of Escrow for the

sale of a Condominium in the Community or Annexable Area, at which time Declarant shall remove the temporary structures and/or restore any permanent structures used by Declarant to their intended residential or Association Property use and appearance.

15.2.2. **Use of Recreational Facilities.** Declarant reserves for its benefit, the right to use and occupy portions of the recreational facilities as necessary to the promotion and advertising of the Community and the marketing of Condominiums in the Community, including visits and special events for prospective or new purchasers. The reservation of such rights shall be effective until the last Close of Escrow for a Condominium in the Community and Annexable Territory. The right to use and occupy the recreational facilities shall be in accordance with reasonable terms of a lease, license, permit, or other written agreement entered into with the Association for such purpose; provided, however, that Declarant may not make any use or occupancy of any portion of the recreational facilities that would unreasonably interfere with the use and enjoyment thereof by the Owners of Condominiums in the Community, and their Families, tenants and invitees.

15.2.3. **Use of Association Property.** Declarant and its prospective purchasers of Condominiums are entitled to the nonexclusive use of the Association Property without further cost for access, ingress, egress, use or enjoyment, to (a) show the Community to prospective purchasers, (b) dispose of the Community as provided in this Declaration, and (c) develop and sell the Annexable Area. 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 Condominiums. Neither Declarant, nor its employees, agents nor prospective purchasers shall make any use of the Association Property that will unreasonably interfere with the use and enjoyment thereof by the Owners.

15.3. **CREATING ADDITIONAL EASEMENTS.** At any time before the Close of Escrow for a Condominium, Declarant reserves the unilateral right to establish on that 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 Community and Annexable Area.

15.4. **ARCHITECTURAL RIGHTS.** Declarant and any Person to whom Declarant may assign all or a portion of its exemption under this Declaration need not seek or obtain Design Review Committee approval of any Improvements constructed anywhere on the Community by Declarant or such Person. Declarant may exclude portions of the Community from jurisdiction of the Design Review Committee in the applicable Notice of Addition or Supplemental Declaration. Declarant, may, at its option, establish an additional design review committee for any area exempted from the jurisdiction of the Design Review Committee.

15.5. **DEVELOPER EXEMPTION.** Declarant is exempt from the application of Article 2 of this Declaration and from all other restrictions on the use and enjoyment of real property and all maintenance covenants that are established for Owners under this Declaration, or in a Notice of Addition, a Supplemental Declaration or in any other Governing Documents, except to the extent that a particular provision expressly includes Declarant among the parties covered thereby.

15.6. **ASSIGNMENT OF RIGHTS.** Declarant may assign any or all of its rights and exemptions under this Article 15, and any other Declarant rights, exemptions, appointment powers, veto powers or easements in the Governing Documents to any successor in interest to any portion of Declarant's interest in the Community by a Recorded written assignment.

15.7. **AMENDMENT TO ARTICLE.** No amendment may be made to this Article without the prior written approval of Declarant for so long as Declarant owns any portion of the Community or the Annexable Area.

15.8. **POWER OF ATTORNEY.** Each Owner of a Condominium in the Community, by accepting a deed to a Condominium, shall be deemed to have:

(a) Agreed and acknowledged that neither the Owners nor the Association own any interest in the Annexable Area;

(b) Agreed and acknowledged that the Annexable Area may be developed, if at all, by Declarant in its sole and absolute discretion, in accordance with Declarant's development plans; and

(c) Constituted and irrevocably appointed Declarant, for so long as Declarant owns all or any portion of the Annexable Area, as his attorney-in-fact, for the Owner and each of the Owner's 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 the Owner's attorney-in-fact to prepare, execute, acknowledge and Record any instrument for all or any portion of the Annexable Area, or any amendment to or restatement of the Condominium Plan to correct errors, to conform to as-built conditions, or to bring the Condominium Plan into compliance with any County, State or Federal law or regulations, and to make such revisions to this Declaration, a Notice of Addition, or Supplemental Declaration, as Declarant deems to be reasonably necessary in light of the amendment or restatement of the Condominium Plan.

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 Area. The acceptance or creation of any Mortgage or other encumbrance, whether or not voluntary, created in good faith, or given for value, shall be accepted or created subject to each of the power of attorney provisions in this Section.

15.9. **COOPERATION AND PARTICIPATION.**

15.9.1. **Notice of Transfers; Other Notices.** 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 Association under the Right to Repair Law (including any tolling periods), the Association shall provide Declarant with written notice of the transfer of any Condominium and all notices and other documents to which a Mortgagee is entitled pursuant to this Declaration, provided that Declarant shall not be required to make written request for such notices and other documents.

15.9.2. **Observation of Open Meetings.** In furtherance of Declarant's rights and the performance of the obligations of Declarant, the 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 15.9.2.

(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 Association under the Right to Repair Law (including any tolling periods):

(i) The Association shall provide Declarant with written notice of all meetings of the Board that any Owner is entitled to attend (each, an "**Open Meeting**"), as if Declarant was an Owner;

(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 Association Property and the 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, as well as copies of books, financial records, Governing Documents, or maintenance records, upon request for, and reimbursement of, the actual costs to copy and mail such materials.

(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 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 Association and its counsel; or

(ii) Declarant or its representatives would have access to confidential information received or developed by the 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 15.9.2 in an observer capacity only, and they shall not have any right to vote on matters coming before the Board.

15.10. DECLARANT APPROVAL OF ACTIONS.

15.10.1. **General Rights.** Until Declarant no longer owns a portion of the Community or the Annexable Area, Declarant's prior written approval is required for any amendment to the Governing Documents which would impair or diminish Declarant's right to complete the Community or the Annexable Area or sell or lease Condominiums therein.

15.10.2. **Limit on Actions.** Until the end of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Declarant under the Right to Repair Law (including any tolling periods), the following actions, before being undertaken by the Association, must first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of First Mortgagees;

(b) The annexation to the Community of real property other than the Annexable Area pursuant to Section 16.2;

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

(d) Any significant reduction of Association maintenance or other services; or

(e) Any modification or termination of any provision of the Governing Documents benefiting Declarant.

15.11. **MARKETING NAME.** The Community shall be marketed under the general name "**Serrano.**" Declarant may change the marketing name of the Community or designate a different marketing name for any Phase at any time in Declarant's sole discretion. Declarant shall notify DRE of any change in or addition to the marketing name or names of the Community or any Phase.

ARTICLE 16 ANNEXATION OF ADDITIONAL PROPERTY

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

16.1. **ADDITIONS BY DECLARANT.** Declarant may add the Annexable Area to the Community and bring such added area under the general plan of this Declaration without the approval of the Association, the Board, or Owners, as long as Declarant owns any portion of the Annexable Area. No amendment may be made to this Section 16.1 without the prior written approval of Declarant until Declarant no longer owns any portion of the Community or Annexable Area. As each Phase is developed, Declarant may, with respect thereto and as the owner thereof, Record a Supplemental Declaration which may supplement this Declaration with such additional covenants, conditions, restrictions, reservations and easements as Declarant may deem appropriate for the Phase.

Notwithstanding the foregoing, if FHA is insuring any Mortgages in the Community at the time the Annexable Area is to be annexed, (a) Declarant shall obtain the prior written approval of FHA to such annexation, and (b) the quality of construction of Improvements in the Annexable Area shall be consistent with that of the Improvements in the initial Phases, and (c) the right to add the Annexable Area shall remain in effect until the later to occur of the seventh anniversary of the Recordation of the Declaration or the fifth anniversary of the Recordation of the latest notice of Addition.

Notwithstanding the foregoing, if VA is guaranteeing any Mortgages in the Community, the Declarant may, until the later to occur of the seventh anniversary of the Recordation of the Declaration or the fifth anniversary of Recordation of the latest Notice of Addition, add any or all of the Annexable Area to the Community and bring such Annexable Area under the general plan of this Declaration without the approval of the Association, the Board, or Owners; provided, however, that Declarant obtains the prior written approval of VA to such annexation if VA is guaranteeing any Mortgages in the Community at the time the Annexable Area is to be annexed. Until the conversion of the Class B membership to Class A, no amendment may be made to this Section 16.1 without the prior written approval of Declarant.

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

16.3. ADDED AREA RIGHTS AND OBLIGATIONS. When a Notice of Addition containing the provisions required by Section 16.4 is Recorded, all provisions in this Declaration will apply to the real property described in such Notice of Addition (the "**Added Area**") in the same manner as if the real property were originally covered by this Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of Condominiums in the Added Area, as well as in the property originally subject to this Declaration, will be the same as if the Added Area were originally covered by this Declaration. After the first day of the month following the first Close of Escrow in the Added Area, the Owners of Condominiums in the Added Area shall share in the payment of Assessments to the Association to meet Common Expenses of the Community. Voting rights attributable to the Condominiums in the Added Area may not be exercised until Annual Assessments have commenced on such Condominiums.

16.4. NOTICE OF ADDITION. The additions authorized under Sections 16.1 and 16.2 must be made by Recording a Notice of Addition against the real property to be added to the coverage of this Declaration. The Notice of Addition must (a) reference by instrument number this Declaration and the date of its Recordation, (b) describe with specificity the Added Area, (c) state that this Declaration shall apply to the Added Area and (d) describe the land use designations in the Added Area. The Notice of Addition for any addition under Section 16.1 must be signed by Declarant. The Notice of Addition for any addition under Section 16.2 must be signed by at least two (2) officers of the Association to certify that the Owner approval required under Section 16.2 was obtained. On Recordation of the Notice of Addition, the Added Area will be annexed to and constitute a part of the Community and it will become subject to this Declaration. Subject to Section 16.3, the Owners of Condominiums in the Added Area will automatically acquire Membership in the Association. No Notice of Addition or Supplemental

Declaration may revoke the covenants, conditions, restrictions, reservation of easements, or equitable servitudes in this Declaration as the same pertain to the real property originally covered by this Declaration.

16.5. **DE-ANNEXATION AND AMENDMENT.** In addition to the rights to amend or terminate a Notice of Addition granted elsewhere in this Declaration or in a Notice of Addition, Declarant may also amend a Notice of Addition for purposes other than those described in Section 13.2.6 or delete real property covered by this Declaration and the Association's jurisdiction so long as Declarant is the owner of all of such real property 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 was Recorded, (b) Declarant has not exercised any Association vote concerning any portion of such real property, (c) Assessments have not yet commenced concerning any portion of such real property, (d) Close of Escrow has not occurred for the sale of any Condominium in such real property, and (e) the Association has not made any expenditures or incurred any obligations concerning any portion of such real property. No amendment may be made to this Section 16.5 without the prior written approval of Declarant, for so long as Declarant owns any portion of the Community or the Annexable Area.

ARTICLE 17 COUNTY REQUIRED PROVISIONS

17.1. **COUNTY OF RIVERSIDE REQUIRED CC&R PROVISIONS.** Per the Conditions of Approval, the County has required the following provisions to be included in this Declaration:

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

(a) This Declaration shall remain in force for a minimum of sixty (60) years.

(b) The Declaration shall provide for the establishment of a property owners' association comprised of the owners of each individual Unit.

(c) The Declaration shall provide for the ownership of the Association Property by either the Association or the Owners of each individual Unit as tenants in common.

(d) The right to use Recreational Facilities and service areas shall be appurtenant to ownership of a Condominium within the Community consistent with Ordinance No. 348 Section 8.9.5.C.

(e) The Association established herein shall own, manage and continuously maintain the Association Property, more particularly described on *Exhibit F*," attached to this Declaration or any Supplemental Declaration, and shall not sell or transfer the 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.

(f) The Association shall have the right to assess the Owners of each individual Unit for the reasonable cost of maintaining such 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.

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

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

17.1.2. Parking. Owners shall be subject to the following parking rules:

(a) Vehicles owned by residents must be parked in garages or driveways where available.

(b) Parking is not permitted within the motorcourt areas except in the driveways and garages of each Residence.

(c) No more than three (3) vehicles are permitted per Residence to be parked/maintained onsite.

(d) Street parking (where permitted) is for guests of residents and will be closely monitored by the Association.

(e) Vehicles parked on the street more than forty-eight (48) hours will be towed.

(f) If visitors are to stay more than forty-eight (48) hours, the resident must obtain a temporary guest parking pass with an expiration date to be displayed I the dashboard of the guest's vehicle.

(g) All vehicles owned by residents must be registered with the Association and display an Association sticker.

(h) Vehicles that appear to be owned by residents (i.e. parked regularly in resident's driveway) which are not registered with the Association are subject to a fine.

(i) Vehicles owned by residents which are parked on the Private Streets will be towed.

(j) If a temporary vehicle is being used by the resident for a prolonged period, the Association must be notified or the resident may be subject to a fine.

(k) All cars parked in "No Parking Zones" where posted, such as cul de sacs or streets during trash day, will be towed immediately.

17.1.3. **Amendment.** This Declaration may not be terminated, substantially amended or property deannexed from the Community 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 easements established by this Declaration.

17.1.4. **Air Filters.** The Association shall be responsible for providing residents or Owners for all residential Units within the Community with MERV 13 filters on a semiannual basis for residents or Owners to install. This is intended to provide residents with higher quality HVAC filters to limit exposure to diesel particulate matter from vehicle emissions from the adjacent Interstate 15.

17.1.5. **Mining Operations.** Owners are hereby notified that the Community is located near an existing operating mine permitted pursuant to Riverside County Ordinance No. 555. The Community may be subject to vibration, noise, fumes, dust, odors and other disturbances from surface mining activities, which include, but are not limited to, blasting, extraction, crushing, processing, grading, stockpiling and storage or transportation of mineral resources.

[SIGNATURES ON NEXT PAGE]

[SIGNATURE PAGE TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS]

This Declaration is dated for identification purposes _____, 20__.

TAYLOR MORRISON OF CALIFORNIA, LLC,
a California limited liability company

By: [Signature]
Name: Yvonne Benschop
Title: Authorized Agent
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 3/8/2022, _____, before me, Pamela Danile, Notary Public
(here insert name and title of the officer)

personally appeared Yvonne Benschop

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

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

WITNESS my hand and official seal.

[Signature] (Seal)
Signature



EXHIBIT A

LEGAL DESCRIPTION OF ANNEXABLE AREA

All that certain real property located in the unincorporated area of the County of Los Angeles, State of California more particularly described as follows:

All of Tract No. 37153, as shown on a subdivision map Recorded in Book ____, at Pages ____ to ____, inclusive, of Maps, in the Office of the Riverside County Recorder; excepting Phase 1 therefrom.

EXHIBIT B

ARTICLES OF INCORPORATION OF THE ASSOCIATION

**ARTICLES OF INCORPORATION
OF
SERRANO OWNERS ASSOCIATION**

ONE: The name of this corporation is SERRANO OWNERS ASSOCIATION (the "*Corporation*").

TWO: This Corporation is a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The purpose of this Corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

THREE: The Corporation's initial agent for service of process is Registered Agent Solutions, Inc.

FOUR: The Corporation's street and mailing address is 4695 MacArthur Court, 8th Floor, Newport Beach, CA 92660.

FIVE: The Corporation is organized and operated exclusively as a homeowner's association within the meaning of Section 23701t of the California Revenue and Taxation Code and Section 528 of the Internal Revenue Code, and it shall have and exercise any and all powers, rights and privileges which a corporation organized under the California Nonprofit Mutual Benefit Corporation Law may now or hereafter have or exercise, provided that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of the Corporation, which is to operate a homeowners association and to manage a common interest development under the Davis-Stirling Common Interest Development Act. The Corporation does not have a corporate office. The common interest development is located near the intersection of Temescal Canyon Road and Campbell Ranch Road, in the County of Riverside, California 92883-0000.

SIX: The classes of Membership and the voting and other rights and privileges of Members are set forth in the Bylaws. So long as two classes of Membership make up the voting power of the Corporation, the amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, and (ii) Members representing a bare majority of the voting power of each class of Members. After conversion of the Class B Membership to Class A Membership, the amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, (ii) Members representing a bare majority of the total voting power of the Members, and (iii) Members representing a bare majority of the voting power of the Members other than the subdivider of the Community. Notwithstanding the foregoing, the percentage of voting power required to amend a specific clause of these Articles shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

SEVEN: The Corporation has no managing agent.

The undersigned, who is the incorporator of the Corporation, has executed these Articles of Incorporation on _____, 20__.

Yvonne Benschop, Incorporator

EXHIBIT C
BYLAWS OF THE ASSOCIATION

**BYLAWS
OF
SERRANO OWNERS ASSOCIATION**

TABLE OF CONTENTS

BYLAWS
OF
SERRANO OWNERS ASSOCIATION

| | Page |
|--|-------------|
| ARTICLE I PLAN OF OWNERSHIP | 1 |
| 1.1 Definitions and Interpretation | 1 |
| 1.2 Name and Principal Office | 1 |
| 1.3 Application | 1 |
| ARTICLE II BOARD OF DIRECTORS | 1 |
| 2.1 Number of Directors | 1 |
| 2.2 Qualifications for Holding Office | 1 |
| 2.3 Election | 3 |
| 2.4 Term of Office | 4 |
| 2.5 Vacancies | 5 |
| 2.6 Removal of Directors | 6 |
| 2.7 Compensation | 7 |
| 2.8 Meetings of the Board | 7 |
| 2.9 Committees | 9 |
| 2.10 General Powers and Duties | 9 |
| 2.11 Powers and Duties; limitations | 11 |
| 2.12 Distribution of Information | 13 |
| ARTICLE III OFFICERS | 19 |
| 3.1 Enumeration of Officers | 19 |
| 3.2 Election of Officers | 19 |
| 3.3 Removal of Officers; Resignation | 19 |
| 3.4 Compensation | 19 |
| 3.5 President | 19 |
| 3.6 Vice President | 19 |
| 3.7 Secretary | 20 |
| 3.8 Treasurer/Chief Financial Officer | 20 |
| ARTICLE IV OWNERS | 20 |
| 4.1 Owner Voting Rights | 20 |
| 4.2 Owner Meetings | 21 |
| 4.3 Record Dates | 23 |
| 4.4 Action Without Meeting | 24 |
| ARTICLE V AMENDMENTS | 24 |
| ARTICLE VI MISCELLANEOUS | 24 |
| 6.1 Relinquishment of Control over Initiation of Right to Repair Law Claim | 24 |

TABLE OF CONTENTS
(continued)

| | Page |
|---|-------------|
| 6.2 Checks, Drafts and Documents | 25 |
| 6.3 Conflicts | 25 |
| 6.4 Execution of Documents | 25 |
| 6.5 Availability of Association Documents | 25 |
| 6.6 Fiscal Year | 26 |
| 6.7 Changes in Applicable Law | 26 |
| ARTICLE VII NOTICE AND HEARING PROCEDURE..... | 26 |
| 7.1 Initial Complaint | 26 |
| 7.2 Scheduling Hearings | 26 |
| 7.3 Conduct of Hearing | 27 |
| 7.4 Imposition of Sanctions | 27 |
| 7.5 Limits on Remedies | 27 |

CERTIFICATE OF SECRETARY

BYLAWS
OF
SERRANO OWNERS ASSOCIATION

ARTICLE I
PLAN OF OWNERSHIP

1.1 **DEFINITIONS AND INTERPRETATION.** Unless otherwise provided in these Bylaws, the capitalized terms used in these Bylaws have the meanings they are given in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Serrano (the "**Declaration**"), which was Recorded in the Official Records of the County against the Community. These Bylaws shall be interpreted in accordance with Section 1.2 of the Declaration.

1.2 **NAME AND PRINCIPAL OFFICE.** The name of the Association is Serrano Owners Association. The principal office of the Association, if any, shall be located in the County or such other location as the Board may designate.

1.3 **APPLICATION.** These Bylaws apply to the residential condominium project known as Serrano ("**Community**"), which is located in the County. All Persons who use the facilities of the Community in any manner are subject to the terms and provisions of these Bylaws, the Declaration, and the other Governing Documents of the Community. Use of any Condominium in the Community signifies acceptance and ratification of these Bylaws.

ARTICLE II
BOARD OF DIRECTORS

2.1 **NUMBER OF DIRECTORS.**

2.1.1 **Interim Directors.** Until the first annual meeting of the Owners, the Association's property, business and affairs shall be governed and managed by a Board of Directors composed of three (3) persons appointed by Declarant to serve as interim Directors until Directors are elected at the first annual meeting of the Owners.

2.1.2 **Elected Directors.** Beginning with the first annual meeting of the Owners, the Association's property, business and affairs shall be governed and managed by a Board of Directors of three (3) persons elected or appointed at the first annual meeting. The authorized number of Directors may be changed by a duly adopted amendment to these Bylaws.

2.2 **QUALIFICATIONS FOR HOLDING OFFICE.** Each Director, except for those initially appointed by Declarant to serve as interim Directors until the first annual meeting, must be either: (a) an individual Owner (subject to Section 2.2.4 below) who meets the candidacy and incumbency requirements in Sections 2.2.1 and 2.2.2 below; or (b) as long as Declarant owns any portion of the Community or Annexable Area, an employee or agent of Declarant (who need not be an Owner) or (c) appointed to office by exercise of the Board

Appointment Right (as defined in Section 4.4.4 of the Declaration). Such appointee need not be an Owner.

2.2.1 Candidacy Requirements for Owners. Subject to disqualification under Section 2.2.3 below, Owners who meet the following criteria are qualified to be nominated and elected to the Board of Directors:

(a) The Owner is an Owner of a Condominium within the Community at the time of nomination;

(b) The Owner, if elected, would not be serving on the Board at the same time as another Person who holds a joint ownership interest in the same Condominium and the other Person is either properly nominated for the current election or is an incumbent Director; and

(c) The Owner must be not more than two (2) months in arrears in the payment of any Assessments (which are consumer debts subject to validation) as of the deadline for nomination for election to the Board of Directors; provided however, that the Owner shall not be disqualified if either of the following circumstances is true:

(i) The Owner has paid the Assessment(s) under protest pursuant to California Civil Code Section 5658; or

(ii) The Owner has entered into a payment plan with the Association for such delinquent Assessment(s) pursuant to California Civil Code Section 5665.

2.2.2 Incumbent Requirements for Owners. To remain qualified to serve on the Board of Directors, an Owner who has been elected to the Board of Directors must:

(a) Remain at all times an Owner of a Condominium in the Community; and

(b) Not be more than two (2) months in arrears in the payment of any Assessments (which are consumer debts subject to validation); provided however, that the Owner shall not become disqualified to continue to serve on the Board if either of the following circumstances is true:

(i) The Owner has paid the Assessment(s) under protest pursuant to California Civil Code Section 5658; or

(ii) The Owner has entered into a payment plan with the Association for such delinquent Assessment(s) pursuant to California Civil Code Section 5665.

(c) Not be subject to disqualification pursuant to Sections 2.2.3 or 2.2.5 below.

2.2.3 Disqualification due to Criminal Conviction. A Director must disclose any criminal convictions that may be required by the Association's fidelity bond carrier.

An Owner shall be disqualified for nomination as a candidate to the Board, or, if such Owner is an incumbent Director, shall become disqualified to continue to serve on the Board, if such Owner discloses, or if the Association is aware of, or becomes aware of, a criminal conviction that would either prevent or make economically infeasible the Association's purchase of fidelity bond coverage required by California Civil Code Section 5806 or cause termination of the Association's existing fidelity bond coverage.

2.2.4 Ownership by Legal Entity. A Director must be a natural person. However, in accordance with California Civil Code Section 5105(b)(2), if title to a Condominium is held by a legal entity recognized under California law ("**Entity Owner**") that is not a natural person, the governing authority of such Entity Owner shall have the power to designate in writing to the Association one (1) natural person ("**Entity Owner Representative**") to be a member for purposes of exercising the Entity Owner's voting rights attributable to such Condominium and for qualification to serve on the Board of Directors. Notwithstanding the foregoing, for such Entity Owner Representative to be qualified for nomination and election to the Board, or to remain qualified to serve on the Board (as applicable), (a) the Entity Owner Representative shall be subject to the qualification requirements of Section 2.2.3 above, and (b) the Entity Owner shall be subject to the qualification requirements of Sections 2.2.1 and 2.2.2. If the Entity Owner Representative is elected to the Board and the governing authority of the Entity Owner revokes the designation of the Entity Owner Representative in writing delivered to the Association's Board during the Entity Owner Representative's term, then the Entity Owner Representative's seat on the Board shall be deemed vacant, and the vacancy filled in accordance with Section 2.5.5 by the Board or by the Owners.

2.2.5 Disqualification for Nonpayment of Assessments. As provided in Sections 2.2.1 and 2.2.2 above, an Owner may be disqualified for the Board for nonpayment of Assessments in certain circumstances. However, pursuant to California Civil Code Section 5105(d), the Association may not disqualify an Owner for nonpayment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party.

2.2.6 Limitation on Power to Disqualify Candidates. The Association shall not disqualify an Owner from nomination as a candidate to the Board if such Owner has not been provided the opportunity to engage in internal dispute resolution pursuant to California Civil Code Section 5900, *et seq.*

2.3 ELECTION.

2.3.1 General Procedure. On the date of the first annual meeting of the Owners, the offices of the three interim Directors shall be deemed to be vacant, and the Members of the Association (including Declarant) shall elect new Directors to fill all Board seats not filled by Declarant appointees as described below. At each annual meeting thereafter (as described in Section 4.2), new Directors shall be elected or appointed (as applicable) to fill vacancies on the Board. If an annual meeting is not held, or all vacancies on the Board are not filled at the annual meeting, vacancies may be filled in accordance with the procedure for filling vacancies set forth in Section 2.5. Pursuant to California Civil Code Section 5100(a)(2), the Association shall hold an election for a seat on the Board at the expiration of the corresponding Director's term and, in any event, at least once every four (4) years.

2.3.2 Nomination. The Board of Directors or a nominating committee established by the Board of Directors may propose the nomination of candidates. In addition, any Owner may nominate any other Owner or himself or herself by submitting written notice of the nomination to the Board or its nominating committee (if one is formed). The Association shall provide general notice of the procedure and deadline for submitting a nomination at least thirty (30) days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to California Civil Code Section 4040 if individual notice is requested by a member.

2.3.3 Voting. Voting shall be by secret written ballot in accordance with the procedure described in California Civil Code Section 5100, *et seq.* An Owner may cumulate his votes for any candidate for the Board in any election in which more than two (2) Directors are to be elected if (a) the candidate's name has been placed in nomination before the voting takes place, and (b) the Owner has given notice at the meeting before the voting of such Owner's intent to cumulate votes. If an Owner cumulates his votes, such Owner may cast a number of votes equal to the Owner's share of the voting power multiplied by the number of Directors to be elected. If any one Owner has given this notice, all Owners may cumulate their votes for candidates in nomination.

2.3.4 Special Election Requirement. So long as either (a) Declarant is entitled to exercise its Board Appointment Right (as described in the Declaration), or (b) Declarant is entitled to exercise a majority of the Association's voting power, at least one (1) of the members of the Board must be elected solely by the votes of Owners other than Declarant. Furthermore, until expiration of the Board Appointment Right, Declarant shall not cast any Class A or Class B vote to elect any Director.

2.4 TERM OF OFFICE. Each Director shall hold office until the earlier to occur of (a) the end of the Director's term of office after a successor has been elected, or (b) his death, resignation, removal or judicial adjudication of mental incompetence. At the first annual meeting, and at any future election in which all Board seats are to be filled, the term of office of the two (2) Directors receiving the highest number of votes shall be three (3) years and the term of office of the Director receiving the next highest number of votes shall be two (2) years. At the first annual meeting, Directors who are appointed by exercise of Declarant's Board Appointment Right shall be deemed to have received the highest number of votes and therefore they shall occupy the seats with three (3)-year terms of office. Thereafter, new Directors shall be elected or appointed to fill any vacancies.

2.4.1 Term for Appointee Directors. Notwithstanding anything in these Bylaws to the contrary, all Directors appointed at any time by exercise of the Board Appointment Right shall serve until the earliest to occur of:

- (a) Removal of the Director by Declarant;
- (b) The date of the appointed Director's death, resignation from employment by Declarant or termination of employment by Declarant or resignation from the Board of Directors; or

- (c) The expiration of the Director's term of office; or
- (d) The date that is three (3) years after the date on which the Board Appointment Right expires; or
- (e) The date on which Declarant no longer owns any portion of the Community or Annexable Area.

2.5 VACANCIES.

2.5.1 **Resignation.** Any Director may resign from the Board at any time by giving written notice of resignation to the Board.

2.5.2 **Deemed Vacancies.** A vacancy on the Board is deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director or if the Owners fail to elect the full number of authorized Directors at any meeting at which a Directors election is to take place.

2.5.3 **Declared Vacancies.** The Board by majority vote of Directors who meet all of the requirements for incumbent Directors in Sections 2.2.2 and 2.2.3 above, and any Directors who are agents or employees of Declarant, may declare vacant one or more Director seats for cause pursuant to Section 2.6.3 below.

2.5.4 **Employees and Agents of Declarant.** Notwithstanding anything in these Bylaws to the contrary, the office of any Director who is an employee or other agent of the Declarant shall be deemed to be vacant on the earliest to occur of the date on which the Director resigns from the Board, ceases to be an employee or agent of Declarant, or the date on which the Board receives notice from Declarant that the Director has been replaced by Declarant under Section 2.5.5, or has ceased to be an employee or agent of Declarant. Furthermore, on the date on which the Declarant no longer owns any portion of the Community or Annexable Area, the offices of any Directors who are non-Owner agents of Declarant serving under clause (c) of Section 2.2 above shall be deemed vacant, and the vacancies filled by the remaining Directors in accordance with Section 2.5.5 by the Board or by the Owners. Provided, however, that to the extent necessary to enable the Board to continue to act and discharge its obligations, the non-Owner agents of Declarant may continue to serve as Directors until they are replaced by the independent Directors or by the Owners.

2.5.5 **Replacement.** Vacancies in elected seats on the Board caused by death, resignation, or any other reason besides the removal of a Director by the Board or by the Owners may be filled by either (a) a vote of a majority of the remaining Directors, even though they may constitute less than a quorum, or (b) by vote of the Owners. Any vacancy caused by the removal of a Director must be filled by a vote of the Owners.

Provided, however, that notwithstanding the foregoing or anything else to the contrary in these Bylaws, vacancies arising for any reason in the seats of any Directors who are serving as agents of Declarant may be filled solely by Declarant while the Board Appointment Right is in effect. If the vacancy occurs after the Board Appointment Right has expired, then

Declarant has the right to fill the vacancy with an appointee to serve the unserved remainder of the term, until the earliest to occur of:

- (a) The date on which the unserved remainder of the term expires;
- or
- (b) The date that is three (3) years after the date on which the Board Appointment Right expires;
- (c) The date on which Declarant no longer owns any portion of the Community or Annexable Area; or
- (d) The date on which Declarant delivers written notice to the Board that it has waived its right to appoint a replacement for the departing appointee.

2.6 REMOVAL OF DIRECTORS.

2.6.1 **Generally.** At any meeting of the Owners, any individual Director or the entire Board may be removed before the expiration of their terms of office with or without cause as follows: (a) for so long as fewer than fifty (50) Condominiums are included in the Community, by the vote of Owners representing a majority of the Association's total voting power (including votes attributable to Declarant), and (b) once fifty (50) or more Condominiums are included in the Community, by the vote of Owners representing a majority of a quorum of Owners.

However, if the entire Board is not removed as a group pursuant to a single vote, no individual Director may be removed if the number of votes cast against removal would be sufficient to elect such Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the Director's most recent election were then being elected. Any Director whose removal has been proposed by the Owners must be given an opportunity to be heard at the meeting. If any Directors are removed, new Directors may be elected at the same meeting.

2.6.2 **Restrictions on Removal Powers.** Notwithstanding anything in these Bylaws to the contrary concerning the removal of Directors, any Director elected to office solely by the votes of Owners other than Declarant pursuant to Section 2.3.4 may be removed only by the vote of at least a simple majority of the Association's voting power represented by Owners other than Declarant, or by the Board pursuant to Section 2.6.3. Any Director appointed by Declarant may only be removed by Declarant, and the vacancy filled only by a Director appointed by Declarant, or elected by the votes of Declarant (as applicable) until the earlier of:

- (a) The date that is three (3) years after the date on which the Board Appointment Right expires; or
- (b) The date on which Declarant no longer owns any portion of the Community or Annexable Area.

2.6.3 **Removal by Board for Failure to Qualify.** Except as provided in Section 2.6.2, the Board by a majority vote of the Directors who meet the applicable qualifications to serve as a Director in Section 2.2 above, may declare vacant the office of any Director who was not appointed by Declarant or elected by the votes of Declarant if the Director fails or ceases to meet any one or more of the qualifications then applicable to the Director under Section 2.2 above. Provided, however, that so long as Declarant owns any portion of the Community or Annexable Area, any such Directors who are agents or employees of Declarant may only be removed by Declarant.

2.7 **COMPENSATION.** Directors may not receive any compensation for their services as Directors unless such compensation is first approved by Owners representing at least a majority of the Association's voting power. However, (a) nothing in these Bylaws precludes any Director from serving the Association in some other capacity and receiving compensation therefor, and (b) any Director may be reimbursed for actual expenses incurred in performance of Association duties, and (c) no agent, officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation from the Association for service as a Director of the Association.

2.8 **MEETINGS OF THE BOARD.** Except in certain emergency situations described below, the Directors may not take action on any item of business outside of a meeting.

2.8.1 **Conduct of Meeting; Attendees.** Any meeting of the Board may be conducted by teleconference at which a majority of the Directors are connected by electronic means, through audio or video or both, with at least one physical location so that the Members may attend and at least one Director, or other person designated by the Board, is present at that location, and so long as the requirements for attendance and participation of Directors and Members at the meeting under California Civil Code Section 4090 and the California Corporations Code are met. In these cases, all Directors who participate in a meeting by any of these methods will be deemed to be present in person at the meeting.

2.8.2 **Regular Meetings.**

(a) **Time and Place.** Regular meetings may be held at such time and place fixed from time to time by resolution adopted by a majority of a quorum of the Directors. There is no common meeting room in the Community. Therefore, the meeting place shall ordinarily be as near as possible to the Community, but the Board may elect to hold a meeting at the Manager's corporate offices if such location is determined to be reasonable in the Board's business judgment.

(b) **Frequency.** Regular meetings shall be conducted as frequently as the business of the Board justifies, but in no event may regular meetings be held any less frequently than **monthly/quarterly/every six (6) months.**

(c) **Notice.** Each Director and the Members shall be given notice of the time and place of regular meetings of the Board not less than four (4) days before the date of the meeting, except in the case of an emergency meeting or a meeting that will be solely held in executive session (as described below).

2.8.3 **Special Meetings.** Special meetings may be called by the President or by any two (2) Directors other than the President. Notice of the time and place of special meetings of the Board shall be posted and communicated in the manner prescribed for regular meetings, but it shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the special meeting. Such notice is not required to be sent to any Director who has signed a waiver of notice or a written consent to holding of the meeting. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

2.8.4 **Executive Sessions.** Any Member of the Association, and for a period of ten (10) years after the Close of Escrow for the sale of the last Condominium in the Community, Declarant, may attend meetings of the Board, except when the Board adjourns to executive session to consider litigation, matters relating to the formation of contracts with third parties, Member discipline, personnel matters, or to meet with a Member, upon the Member's request, regarding the Member's payment of Assessments, as specified in California Civil Code Section 5665. The Board shall meet in executive session, if requested by a Member who may be subject to a fine, penalty, or other form of discipline, and the Member shall be entitled to attend the executive session. Except as expressly permitted in this Section, only Directors, the Association's counsel and the Association's consultants may attend executive sessions. Except for an emergency meeting, Members shall be given notice of the time and place of a meeting that will be held solely in executive session at least two (2) days prior to the meeting, pursuant to the means of giving notice described below. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following meeting that is open to the entire membership.

2.8.5 **Emergency Meetings of the Board.** If there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which of necessity make it impractical to provide notice to the Members, then an emergency meeting of the Board may be called by the President or any two other members of the Board without providing notice to the Members. Electronic transmissions may be used as a method of conducting an emergency meeting if all Directors consent in writing to that action and the written consents are filed with the minutes of the meeting. Written consent to conduct an emergency meeting may be transmitted electronically. Emergency meetings must comply with all applicable provisions of California Civil Code Section 4900, *et seq.*

2.8.6 **Organizational Meeting for New Board.** The first regular "organizational" meeting of a newly elected Board must be held within ten (10) days of election of the Board, at such place as is fixed and announced by the Directors at the meeting at which such Directors were elected, to organize, elect officers and transact other business. No prior notice of such meeting is required for the newly elected Directors so long as (a) a majority of the whole Board is present at the meeting of the Owners when the time and place for the organizational meeting are announced, and (b) the organizational meeting is held on the same day and at the same place as the meeting of the Owners at which the newly constituted Board was elected.

2.8.7 **Other Meetings.** Any congregation of a majority of the Directors at the same time and place, and any teleconference at which a majority of the Directors are connected at different locations by electronic means, through audio or video or both, to hear,

discuss or deliberate on any item of business that is within the authority of the Board, shall constitute a meeting of the Board. All Owners and, for a period of ten (10) years after the Close of Escrow for the sale of the last Condominium in the Community, Declarant shall have the right to attend any regular, special or other meeting of the Board, except an executive session as described above. Owners who are not Directors may not participate in any deliberation or discussion at such meetings unless authorized by a vote of a majority of a quorum of the Board. However, at each Board meeting, except for executive sessions, the Board must set aside time for Owners to speak, subject to reasonable limits imposed by the Board.

2.8.8 Form of Notice to Owners. Notice of a meeting of the Board shall be given by posting in a prominent place or places in the Association Property and by mail to any Member who requested notification of meetings by mail at the address requested by the Member. Notice may also be given by mail, by delivery to each Condominium, by newsletter or similar means of communication, or, with the consent of the Member, by electronic means. Notice of a meeting need not be given to any Director who has signed a waiver of notice or written consent to holding of the meeting.

2.8.9 Waiver of Notice. Before or after any meeting of the Board, any Director may, in writing, waive personal notice of such meeting. Attendance by a Director at any Board meeting waives the requirement of personal notice. If all Directors are present at a Board meeting, no notice to Directors is required and any business may be transacted at such meeting. The transactions of any Board meeting however called and noticed or wherever held, are valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present, (b) notice to the Owners of such meeting was posted as provided in Sections 2.8.2 and 2.8.3, and (c) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. The Secretary shall file all such waivers, consents and approvals with the Association's records or make them a part of the minutes of the meeting.

2.8.10 Quorum and Adjournment. Except as otherwise expressly provided in these Bylaws, at all meetings of the Board, a majority of the Directors constitutes a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present are the acts of the Board. At any meeting of the Board when less than a quorum is present, the majority of those present may adjourn the meeting to another time. At any such reconvened meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present.

2.9 COMMITTEES. The Board may by resolution establish such committees as it desires, and may establish the purposes and powers of each such committee created. The resolution establishing the committee must (a) provide for the appointment of its members and a chairman, (b) state the purposes of the committee, and (c) provide for reports, termination and other administrative matters as the Board considers appropriate.

2.10 GENERAL POWERS AND DUTIES. Subject to the limits described in Section 2.11, the Declaration and under applicable law governing homeowners associations, the Association has the general powers of a nonprofit mutual benefit corporation organized under California law, to the extent necessary to administer its affairs. All the Association's powers

shall be exercised by the Board except those powers specifically reserved to the Owners. The powers and duties of the Association include the following:

2.10.1 **Enforcement.** The power and duty to enforce applicable provisions of the Governing Documents, and the power to initiate and execute disciplinary proceedings against Members for violations of the Governing Documents in accordance with procedures set forth in the Governing Documents. Such powers include the power to impose sanctions and fines against Owners for violations of the Governing Documents.

2.10.2 **Payment of Taxes.** Payment of taxes and assessments which are, or could become, a lien on any property owned by the Association or portion thereof.

2.10.3 **Assessments.** The power and duty to fix and levy Assessments and identify the due date for payment of Assessments. The Board may incur Common Expenses. The Association's funds shall be held in trust for the Owners.

2.10.4 **Insurance.** The power and duty to contract and pay for casualty, liability and other insurance on behalf of the Association in accordance with the Declaration. The insurance shall provide coverage against such damages or injuries as the Board considers advisable (which coverage may include medical expenses of persons injured on the Association Property). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on the Association's behalf.

2.10.5 **Obtaining Goods and Services.** Subject to the limitations on contracts set forth in Section 2.11.3 below, the power to contract for goods and services for the Association Property or for the Association, including (a) contracts for maintenance, landscaping and common utilities services, (b) contracts for materials and supplies necessary for the operation and maintenance of the Association Property, (c) contracts to obtain the services of personnel necessary to operate and manage the Community, including management, legal and accounting services, and (d) contracts to pay the cost of construction, maintenance, repair, removal and replacement of Improvements on the Association Property.

2.10.6 **Delegation.** The power but not the duty to delegate its powers to committees, officers and employees of the Association as authorized under the Governing Documents.

2.10.7 **Rules and Regulations.** The power and duty to formulate rules of operation of the Association Property.

2.10.8 **Budgets and Financial Reporting.** The power and duty to prepare budgets and financial statements for the Association as prescribed in the Governing Documents.

2.10.9 **Right of Entry.** The power to enter upon any privately-owned Condominium as necessary in connection with construction, maintenance or emergency repair for the benefit of the Association Property or the Owners in common.

2.10.10 **Filling Vacancies.** The power and duty to fill vacancies on the Board except for a vacancy created by the removal of a Director.

2.10.11 **Officers, Agents and Employees.** The power and duty to select, appoint and remove all Association officers, agents and employees, to prescribe such powers and duties for them as may be consistent with law and with the Governing Documents, to fix their compensation, to require from them such security for faithful service as the Board considers advisable, and to contract to provide them with such indemnification as the Board determines is appropriate.

2.10.12 **Bylaws.** The power and duty to adopt these Bylaws.

2.10.13 **Records.** The power and duty to keep a complete record of Association acts and corporate affairs.

2.10.14 **Manager.** The power to engage a professional Manager for the Association at a compensation established by the Board to perform such duties and services as the Board authorizes.

2.10.15 **Agreements with Declarant.** The power but not the duty to negotiate and enter into agreements with Declarant subject to applicable restrictions in the Governing Documents.

2.10.16 **Principal Office, Place of Meetings, Seal.** The power but not the duty to move the Association's principal office from one location to another in the County; to designate any place in the County for holding any meetings of Owners consistent with the provisions of Section 4.2.4; and to adopt and use a corporate seal and to alter the form of such seal.

2.10.17 **Rules for Elections; Inspector of Elections.** The power and duty to adopt rules governing elections in accordance with the procedures prescribed in California Civil Code Section 5105, and the power and duty to select an independent inspector of election in accordance with California Civil Code Section 5110. In accordance with California Civil Code Section 5105(h), election rules adopted pursuant to California Civil Code Section 5105 shall not be amended less than ninety (90) days prior to an election.

2.11 **POWERS AND DUTIES; LIMITATIONS.** Without limiting the scope of the Board's general powers and duties, the Board is granted the following powers and duties:

2.11.1 **Sale or other Transfer of Property.** The power but not the duty to sell property of the Association. Approval from Owners representing at least a majority of the Association's voting power must be obtained before property of the Association having an aggregate fair market value greater than five percent (5%) of the Association's budgeted gross expenses for the Fiscal Year is sold in a single Fiscal Year.

2.11.2 **Capital Improvement Expenditures.** The power to incur expenditures for capital improvements to the Association Property. Approval from a majority of the Owners (excluding Declarant), representing a quorum of more than fifty percent (50%) of non-Declarant votes, must be obtained before the Association incurs, in any Fiscal Year, aggregate expenditures for capital improvements to the Association Property in excess of five percent (5%) of the Association's budgeted gross expenses for that Fiscal Year.

2.11.3 Certain Contracts. Notwithstanding anything in these Bylaws to the contrary, the Board is prohibited from taking any of the following actions, except with the assent, by vote at a meeting of the Association or by written ballot without a meeting pursuant to California Corporations Code Section 7513, of a simple majority of the Members, other than the Declarant, constituting a quorum consisting of more than fifty percent (50%) of the voting power of the Association residing in Members other than the Declarant:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Association Property or the Association for a term longer than one year with the following exceptions:

(i) If FHA or VA are insuring loans in the Community, a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

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

(iii) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits short rate cancellation by the insured.

(iv) Entering into Agreements for "bulk service" cable television services and equipment or satellite dish television services and equipment or data services and equipment (or any combination of the foregoing) of not to exceed five (5) years duration provided that the supplier is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(v) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration provided that the supplier or suppliers are not entities in which the subdivider has a direct or indirect ownership interest of 10 percent (10%) or more.

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

(vii) A contract reviewed by DRE.

(viii) Contracts in which the Association enters into litigation or any alternative dispute resolution procedure when the Association's obligation to pay for services is set in whole or in part on a contingency basis only if they are (1) contracts for collection of assessments or other accounts receivable, (2) or contracts involving evaluation of services, or (3) contracts with a total amount to be paid by the Association not in excess of Forty Thousand Dollars (\$40,000.00).

(b) Incurring aggregate expenditures for capital Improvements to the Association Property in any Fiscal Year in excess of five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year.

(c) Selling during any Fiscal Year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year.

(d) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

2.12 DISTRIBUTION OF INFORMATION. The Board shall distribute the following financial information to all Owners (and any Beneficiary, insurer and guarantor of a First Mortgage on request), regardless of the number of Owners or the amount of assets of the Association:

2.12.1 Budget. A pro forma operating budget for each Fiscal Year containing the information required under California Civil Code Section 5300(b), and including at least the following information must be distributed not less than thirty (30) nor more than ninety (90) days before the beginning of the Fiscal Year:

(a) Estimated revenue and Common Expenses computed on an accrual basis.

(b) A summary of the Association's reserves based on the most recent review or study conducted pursuant to California Civil Code Section 5550, which must be printed in bold type and include all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Association Property for which the Association is responsible.

(ii) As of the end of the Fiscal Year for which the study is prepared:

(1) The current estimate of the amount of cash reserves necessary to restore or maintain the major components of the Association Property for which the Association is responsible ("**Estimated Reserves**").

(2) The current amount of accumulated cash reserves actually set aside to restore or maintain the major components of the Association Property for which the Association is responsible ("**Actual Reserves**").

(iii) The percentage that the Actual Reserves is of the Estimated Reserves.

(c) A statement of whether the Board has determined or expects that the levy of one or more Capital Improvement or Reconstruction Assessments will be required to repair, replace, or restore any major component of the Association Property for which the Association is responsible or to provide adequate reserves therefor.

(d) A general statement setting forth the procedures used by the Board in calculating and establishing reserves to defray the costs of repair and replacement of, or additions to, major components of the Association Property and facilities for which the Association is responsible.

The Board may distribute a summary of the Budget instead of the Budget itself, so long as the Board complies with the provisions of California Civil Code Section 5305.

2.12.2 Financial Report. A report consisting of at least the following must be distributed within one hundred twenty (120) days after the close of the Fiscal Year:

- (a) A balance sheet as of the end of the Fiscal Year.
- (b) An operating (income) statement for the Fiscal Year.
- (c) A statement of changes in financial position for the Fiscal Year.
- (d) Any information required to be reported under California Corporations Code Section 8322.
- (e) For any Fiscal Year in which the Association's gross income exceeds Seventy Five Thousand Dollars (\$75,000), a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.
- (f) A statement of the place where the names and addresses of the current Owners are located.

If the report referred to in Section 2.12.2 is not prepared by an independent accountant, it must be accompanied by the certificate of an authorized Association officer stating that the statement was prepared from the Association's books and records without independent audit or review.

2.12.3 Insurance Information. The Association shall distribute to all Owners a summary of the Association's property, general liability, earthquake, flood and fidelity insurance policies (all as applicable) not less than thirty (30) nor more than ninety (90) days before the beginning of the Association's Fiscal Year, that includes all of the following information: (a) the name of the insurer, (b) the type of insurance, (c) the policy limits of coverage, and (d) the amount of the deductibles, if any.

(a) The Association shall, as soon as reasonably practical, notify the Owners by first-class mail if any of the policies described above have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such

as a reduction in coverage or limits or an increase in the deductible, for any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify the Owners if replacement coverage will not be in effect by the date the existing coverage will lapse.

(b) To the extent that any of the information required to be disclosed is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all Owners.

(c) The summary distributed above shall contain, in at least 10-point boldface type, the following statement:

"This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage."

2.12.4 Enforcement Policies. In addition to financial statements, the Board shall annually distribute not less than thirty (30) nor more than ninety (90) days before the beginning of the Association's Fiscal Year a statement of the Association's policies and practices in enforcing its lien rights or other legal remedies against Owners for defaults in the payment of Assessments, including the recording and foreclosing of liens against Condominiums.

2.12.5 Assessment and Foreclosure Notice.

(a) The Association shall distribute the written notice described in subsection (b) below to each Association member during the 30-90-day period immediately preceding the beginning of the Association's Fiscal Year. The notice shall be printed in at least 12-point type. An Association member may provide written notice of a secondary address to the Association by facsimile transmission or United States mail. If a secondary address is provided, the Association shall send any correspondence and legal notices required pursuant to these Bylaws both to the primary and the secondary address.

(b) The notice required by this Section shall read as follows:

“NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it

may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)"

2.12.6 Accounts. On at least a monthly basis, the Board shall: (a) cause to be completed and review a current reconciliation of the Association's operating and reserve accounts, (b) review the current Fiscal Year's actual operating revenues and expenses compared to the current year's Budget, (c) review the latest account statements prepared by the financial institutions where the Association keeps its operating and reserve accounts, (d) review an income and expense statement for the Association's operating and reserve accounts, (e) review the check register, monthly general ledger, and delinquent Assessment receivable reports, and (f) fulfill any additional duties established by California Civil Code Section 5500. The signatures of two (2) Directors are required for the withdrawal of money from the Association's reserve accounts, and notwithstanding anything to the contrary in the Governing Documents, transfers of greater than ten thousand dollars (\$10,000.00) or five percent (5%) of the Association's total combined reserve and operating account deposits, whichever is lower, shall not be authorized without the prior written approval of the Board. As used in this Subsection, the term "reserve accounts" means Budgeted funds that the Board has designated for use to defray the future repair and replacement of, or additions to, those major components of the Association Property which the Association is obligated to maintain. Provided, however, that if the Board meets less frequently than monthly, the monthly review requirements of this Section may be met when every Director, or a subcommittee of the Board consisting of the Treasurer/Chief Financial Officer and at least one (1) other Director, reviews the materials specified in this Section independent of a Board meeting, so long as the review(s) are ratified at the Board meeting subsequent to the review(s), and the ratification is reflected in the minutes of the Board meeting.

2.12.7 Reserve Study. The Board shall cause a study of the reserve account requirements of the Community to be conducted in accordance with California Civil Code Section 5550, *et seq.* As used in this Subsection, "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace or restore those major components of the Association Property which the Association is obligated to maintain.

ARTICLE III OFFICERS

3.1 **ENUMERATION OF OFFICERS.** The Association's principal officers are a President, a Vice President, a Secretary, and a Treasurer, all elected by the Board. The Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as it determines to be necessary. Officers other than the President need not be Directors. Any person may hold more than one office.

3.2 **ELECTION OF OFFICERS.** The Board shall annually elect the Association's officers at the first meeting of the Board to occur following the annual meeting of the Members. The Board shall adopt rules relating to the election of officers according to the procedures prescribed by California Civil Code Section 4340, *et seq.* Each officer shall hold his office at the pleasure of the Board, until he resigns or is removed, is otherwise found to be disqualified to serve or a successor is elected and qualified to serve.

3.3 **REMOVAL OF OFFICERS; RESIGNATION.** On an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, and a successor elected at any meeting of the Board. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary. Any such resignation is effective on the date of receipt of such notice or at any later time specified therein. Unless specified in the notice, acceptance of the resignation by the Board is not necessary to make it effective.

3.4 **COMPENSATION.** No officer may receive any compensation for services performed in the conduct of the Association's business unless such compensation is approved by the vote or written consent of Owners representing at least a majority of the Association's voting power; however (a) nothing in these Bylaws precludes any officer from serving the Association in some other capacity and receiving compensation therefor, and (b) any officer may be reimbursed for actual expenses incurred in the performance of Association duties. Appointment of any officer does not create contractual rights of compensation for services performed by such officer. No officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation for service as an officer of the Association.

3.5 **PRESIDENT.** The President is the chief executive officer of the Association and shall (a) preside at all Association and Board meetings, (b) have the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power to appoint committees from among the Owners as the President decides is appropriate to assist in the conduct of the Association's affairs, and (c) subject to the control of the Board, have general supervision, direction and control of the Association's business. The President is ex officio a member of all standing committees and has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.6 **VICE PRESIDENT.** The Vice President shall take the President's place and perform the President's duties whenever the President is absent, disabled, fails or refuses to act. If neither the President nor the Vice President is available to perform the President's duties, the Board shall appoint another member of the Board to do so on an interim basis. The Vice President has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.7 **SECRETARY.** The Secretary shall (a) keep the minutes of all meetings of the Board and of the Association at the Association's principal office or at such other place as the Board may order, (b) keep the Association's seal in safe custody, (c) have charge of such books and papers as the Board may direct, (d) in general, perform the duties incident to the office of Secretary, (e) give, or cause to be given, notices of meetings of the Owners and of the Board required by these Bylaws or by law to be given, (f) keep a record book of Owners, listing the names, mailing addresses and telephone numbers of Owners, as furnished to the Association ("**Membership Register**"), and (g) record in the Membership Register the termination or transfer of ownership by any Owner, together with the date of the transfer. The Secretary has such other powers and duties as may be prescribed by the Board or these Bylaws.

3.8 **TREASURER/CHIEF FINANCIAL OFFICER.** The Treasurer or Chief Financial Officer is the Association's chief financial officer and is responsible for Association funds. The Treasurer or Chief Financial Officer shall (a) keep, or cause to be kept, full and accurate accounts and tax and business records of the Association, including accounts of all assets, liabilities, receipts and disbursements, (b) be responsible for the deposit of all funds in the name of the Association in such depositories as the Board designates, (c) disburse the Association's funds as ordered by the Board, and (d) render to the President and Directors, on request, an account of all transactions as Treasurer or Chief Financial Officer and of the Association's financial condition. The Treasurer or Chief Financial Officer has such other powers and duties as may be prescribed by the Board or these Bylaws.

ARTICLE IV OWNERS

4.1 OWNER VOTING RIGHTS.

4.1.1 **Classes of Membership.** The Association has two (2) classes of Membership, as described in the Declaration. The Class A and Class B Memberships are voting Memberships. However, the Declarant's Board Appointment Right is to be exercised solely for the appointment of Directors in accordance with these Bylaws and the Declaration. Until the expiration of Declarant's Board Appointment Right, Declarant shall not cast any Class A or Class B vote to elect any Director.

4.1.2 **Interpretation.** Any provision of the Bylaws which requires the vote or written consent of a specified percentage of the Association's voting power (i.e., actions requiring more than merely the vote or written consent of a majority of a quorum), requires the approval of such specified percentage of all of the following: (a) the Class A Membership; (b) the Class B Membership (so long as a Class B Membership exists); (c) the Association's total voting power; and (d) the voting power represented by Owners other than Declarant. Whenever a reference is made in these Bylaws or the Declaration to the Association's voting power, it is a reference to the voting power of the Class A and Class B Memberships, and not to the Board Appointment Right of Declarant.

4.1.3 **Ownership by Legal Entity.** As described in Section 2.2.4 above, an Entity Owner shall have the power to designate in writing to the Association one (1) natural person as its Entity Owner Representative for purposes of exercising the Entity Owner's voting

rights attributable to such Condominium and for qualification to serve on the Board of Directors. Where no designation of an Entity Owner Representative is made or if the designation is revoked, the vote for the Condominium shall be exercised as determined by the Entity Owner. Fractional votes shall not be allowed. Unless the Association receives a written objection in advance of the election from the governing authority of the Entity Owner, it shall be conclusively presumed that the vote exercised by the Entity Owner was properly exercised in accordance with the Entity Owner's procedures.

4.2 OWNER MEETINGS.

4.2.1 First Annual Meeting. The first annual meeting of Owners, whether regular or special, shall be held no later than the date that is six (6) months after the first Close of Escrow in the Community.

4.2.2 Regular Meetings of Owners. Regular meetings shall be held at least annually on or about the anniversary date of the first annual meeting. Each First Mortgagee may designate a representative to attend all annual meetings.

4.2.3 Special Meetings of Owners. The Board shall call a special meeting of the Owners (a) as directed by resolution of a majority of a quorum of the Board, (b) by request of the President of the Association, or (c) on receipt of a written request for a special meeting signed by Owners representing at least five percent (5%) of the Association's total voting power. The Secretary shall give written notice of any special meeting not less than ten (10) nor more than ninety (90) days before the date of the meeting at which members are required or permitted to take any action. The notice must state the date, time and place of the special meeting and the general nature of the business to be transacted. The special meeting must be held not less than thirty-five (35) nor more than ninety (90) days after adoption of such resolution or receipt of such request or petition. No business may be transacted at a special meeting except as stated in the notice. Each First Mortgagee may designate a representative to attend all special meetings.

4.2.4 Place. Meetings of the Owners shall be held in the Community, or such other suitable place as proximate to the Community as practical and convenient to the Owners, as designated by the Board.

4.2.5 Adjourned Meetings. If a quorum is not present at the time and place established for a meeting, a majority of the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days after the original meeting date, at which meeting the quorum requirement is the presence in person or by proxy of Owners holding at least twenty-five percent (25%) of the Association's voting power. Such an adjourned meeting may be held without the notice required by these Bylaws if notice thereof is given by announcement at the meeting at which such adjournment is taken.

4.2.6 Order of Business. Meetings of Owners must be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. The order of business at all meetings of the Owners is as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of

officers; (e) reports of committees; (f) election of inspector of election (at annual meetings or special meetings held for such purpose); (g) election of Directors (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

4.2.7 **Minutes, Presumption of Notice.** Minutes or a similar record of the proceedings of meetings of Owners, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters described therein. A recitation in the minutes executed by the Secretary that proper notice of the meeting was given constitutes prima facie evidence that such notice was given.

4.2.8 **Consent of Absentees; Waiver of Notice.** The actions taken at any meeting of Owners, held without regular call and notice, are valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present either in person or by proxy, and (b) either before or after the meeting, each of the Owners not present in person or by proxy signs (1) a written waiver of notice, (2) a consent to the holding of such meeting, or (3) an approval of the minutes thereof. The Secretary shall file all such waivers, consents or approvals with the corporate records or make them a part of the minutes of the meeting. In addition, notice of such meeting shall be deemed given to any person who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

4.2.9 **Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least twenty-five percent (25%) of the Association's voting power constitutes a quorum of the Membership. Owners present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, despite the withdrawal of enough Owners to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of a quorum. If a meeting is actually attended, in person or by proxy, by Owners having less than one-third (1/3) of the Association's voting power, then no matter may be voted on except matters which were generally described in the notice of the meeting. No action by the Owners on any matter is effective if the votes cast in favor are fewer than the minimum number of votes required by the Governing Documents to approve the action.

4.2.10 **Majority of Quorum.** Unless otherwise provided in the Governing Documents, any action which may be taken by the Association may be taken by a majority of a quorum of the Association's voting power.

4.2.11 **Proxies.** Votes may be cast in person or by proxy. Proxies must be in writing, comply in form with the requirements of California Civil Code Section 5130, and be filed with the Secretary in advance of each meeting. Every proxy is revocable and automatically ceases to have any further legal effect after completion of the meeting for which the proxy was filed. Any form of proxy or written ballot distributed by any Person to the Owners must afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted on, except it is not mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot must provide that, when the Owner specifies a choice, the vote shall be cast in accordance with that choice. The proxy must also identify the person authorized to exercise the proxy and the length of time it will be valid.

No proxy is valid concerning a vote on any matter described in California Corporations Code Section 7613(g) unless the general nature of the proposal was described in the proxy.

4.2.12 **Notice.** The Secretary shall send to each Owner of record, and to each first Mortgagee who has filed a written request for notice with the Secretary, a notice of each annual or special meeting. The notice must be sent by first-class mail, at least ten (10) but not more than forty-five (45) days before the meeting. The notice must state the purpose for the meeting as well as the day, hour and place where it is to be held. The notice may establish time limits for speakers and nominating procedures for the meeting. The notice must specify those matters the Board intends to present for action by the Owners, but, except as otherwise provided by law, any proper matter may be presented for action at the meeting. The notice of any meeting at which Directors are to be elected must include the names of all nominees when the notice is given to the Owners. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, forty-eight (48) hours after the notice has been deposited in a regular depository of the United States mail. Such notice must be posted in a conspicuous place on the Association Property and is deemed served on an Owner on posting if no address for such Owner has been then furnished the Secretary.

4.2.13 **Matters Requiring Special Notice to Owners.** Notwithstanding any other provision of these Bylaws, approval by the Owners of any of the following proposals, other than by unanimous approval of those Owners entitled to vote, is not valid unless the general nature of the proposal was stated in the notice or in any written waiver of the notice: (a) removing a Director without cause; (b) filling vacancies on the Board; (c) approving a contract or transaction between the Association and one or more Directors, or between the Association and any entity in which a Director has a material financial interest; (d) amendment of the Articles; or (e) electing to wind up and dissolve the Association.

4.2.14 **Matters Requiring Secret Ballot.** Notwithstanding any other law or provision of the Governing Documents, an election regarding Assessments, selection of Board members, amendments to the Governing Documents, or the grant of exclusive use of Association Property under California Civil Code Section 4600, shall be held by secret ballot according to the procedures set forth in California Civil Code Section 5100 *et seq.* and Section 2.3.3 above. The Association shall provide general notice in accordance with California Civil Code Section 5115(b) at least thirty (30) days before the ballots are distributed.

4.3 **RECORD DATES.** The Board may fix a date in the future as a record date for determining which Owners are entitled to notice of any meeting of Owners. The record date so fixed must be not less than ten (10) nor more than sixty (60) days before the date of the meeting. If the Board does not fix a record date for notice to Owners, the record date for notice is the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date in the future as a record date for determining the Owners entitled to vote at any meeting of Owners. The record date so fixed must be not less than ten (10) nor more than sixty (60) days before the date of the meeting. If the Board does not fix a record date for determining Owners entitled to vote, Owners on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

4.4 ACTION WITHOUT MEETING. Except for election of Directors, any action which may be taken at a meeting of the Owners may be taken without a meeting by written ballot of the Owners, according to the provisions of California Civil Code Section 5115 and California Corporations Code Section 7513. Solicitations for ballots must specify (a) the number of responses needed to meet the quorum requirements, (b) the percentage of approvals necessary to approve the action, and (c) the time by which ballots must be received to be counted. The form of written ballot must afford an opportunity to specify a choice between approval and disapproval of each matter and must provide that, where the Owner specifies a choice, the vote shall be cast in accordance therewith. Receipt within the time period specified in the solicitation of (i) ballots which equal or exceed the quorum which would be required if the action were taken at a meeting, and (ii) approvals which equal or exceed the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast, constitutes approval by written ballot.

ARTICLE V AMENDMENTS

These Bylaws may be amended by the vote or written consent of Owners representing at least (a) a majority of the voting power of each class of the Owners, and (b) a majority of the Association's voting power represented by Owners other than Declarant; provided that the specified percentage of each class of Owners necessary to amend a specific provision of these Bylaws may not be less than the percentage of affirmative votes prescribed for action to be taken under that provision. These Bylaws may be amended by a majority of the entire Board, (1) at any time before the Close of Escrow for the sale of the first Condominium, or (2) if the amendment is within the Board's power to adopt without Owner approval pursuant to the California Corporations Code and either (a) the proposed amendment conforms the Bylaws to California law or the requirements of DRE, FHFA, FHA, VA, Fannie Mae, Ginnie Mae or Freddie Mac, or (b) the proposed amendment corrects a typographical error in the Bylaws. Any amendment to these Bylaws which materially affects the rights of Mortgagees as described in Article 11 or Section 13.2 of the Declaration must be approved by at least the percentage of Mortgagees specified in the applicable provision of Article 11 or Section 13.2 of the Declaration. If an amendment to these Bylaws materially affects matters listed in both Article 11 and Section 13.2 of the Declaration, then the amendment must be approved pursuant to the requirements of both Article 11 and Section 13.2 of the Declaration. Notwithstanding anything to the contrary in these Bylaws or in the other Governing Documents of the Association, during the term of Declarant's Board Appointment Right (described in Section 2.3.1 above), no amendment concerning the Board Appointment Right shall be effective without the prior written consent of the Declarant, which consent it may withhold in its sole discretion.

ARTICLE VI MISCELLANEOUS

6.1 RELINQUISHMENT OF CONTROL OVER INITIATION OF RIGHT TO REPAIR LAW CLAIM. Beginning on the date of the first annual meeting of the Owners, Declarant relinquishes control over the Association's ability to decide whether to initiate a Right to Repair Law Claim. This means that Declarant and Directors who are current employees or agents of Declarant or elected by a majority of votes cast by Declarant whether appointed by

exercise of Declarant's Board Appointment Right or 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 Association Board or Owners to initiate a Right to Repair Law Claim.

6.2 **CHECKS, DRAFTS AND DOCUMENTS.** All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Association must be signed or endorsed in the manner and by the person or persons the Board designates by resolution, subject to the requirements of Section 2.12.6 for withdrawing money from the Association's reserve accounts.

6.3 **CONFLICTS.** If any of these Bylaws conflict with any California law, such conflicting Bylaws shall be void on final court determination to such effect, but all other Bylaws shall remain in full force. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

6.4 **EXECUTION OF DOCUMENTS.** The Board may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent, committee member or employee may bind the Association by any contract or pledge its credit or render it liable for any purpose in any amount.

6.5 **AVAILABILITY OF ASSOCIATION DOCUMENTS.**

6.5.1 **Records To Be Maintained.** The Association shall keep at its principal office (or at such other place in or near the Community as the Board may prescribe) the Governing Documents and the Association's records, as defined in California Civil Code Section 5200, *et seq.* (collectively, the "**Association Documents**"). The Association Documents shall be made available for inspection and copying by any Owner or the Owner's duly appointed representative for a purpose reasonably related to the Owner's interest as an Owner.

6.5.2 **Inspection Rights.** Subject to reasonable Rules and Regulations adopted from time to time by the Board, the Association shall make Association Documents available for the time periods and within the timeframes provided in California Civil Code Sections 5210 (a) and (b) for inspection and copying by an Association member, or the member's designated representative. The Association may bill the requesting member for the direct and actual cost of copying requested documents. The Association shall inform the member of the amount of the copying costs before copying the requested documents. The Association shall permit Association members to verify the accuracy of their individual information on the candidate registration list and voter list maintained pursuant to California Civil Code Section 5105(a)(7) at least thirty (30) days before election ballots are distributed.

6.5.3 **Manner of Inspection.** The Association shall make the specified Association Documents available for inspection and copying in compliance with California Civil

Code Sections 5205 and 5215. The inspection and copying rights provided in these Bylaws are subject to the rights and restrictions set forth in California Civil Code Sections 5200, *et seq.*

6.5.4 **Limitation on Information Disclosed.** The Association may withhold or redact information from the Association's Documents for any of the reasons as set forth in California Civil Code Section 5215.

6.5.5 **Distribution of Records on Sale or Transfer of Title.** No later than ten (10) days after the Association receives written request from any Owner, the Association shall provide to that Owner a copy of each of the documents listed in California Civil Code Section 4525 that have been requested by the Owner.

6.5.6 **Distribution of Budget, Minutes.** Owners must be notified in writing when the budget required in Section 2.12.1 is distributed or at the time of any general mailing to the entire Association Membership of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

6.6 **FISCAL YEAR.** The Board shall select the Association's Fiscal Year. The Fiscal Year is subject to change as the Board determines.

6.7 **CHANGES IN APPLICABLE LAW.** Provisions of various laws, including the Davis-Stirling Common Interest Development Act, various provisions of the California Corporations Code, including the General Corporation Law at Section 100, the Nonprofit Corporation Law at Section 5000, *et seq.*, and the Nonprofit Mutual Benefit Corporation Law at Section 7000, *et seq.*, or the Federal Fair Housing Act codified at Title 42 United States Code, Section 3601, *et seq.*, may in the future be amended, in which case such amendment will be deemed to supplement or override applicable provisions of these Bylaws (as applicable).

ARTICLE VII NOTICE AND HEARING PROCEDURE

7.1 **INITIAL COMPLAINT.** Persons who believe a violation of the Governing Documents has occurred may file a complaint with a Person designated by the Board on a form approved by the Board. The Board will commence the enforcement process and determine whether a violation has occurred. In its discretion, the Board may issue one or two violation letters to the Person alleged to have committed the violation ("**Respondent**") or set a hearing described in Section 7.2 below. The Board may direct the Manager to assist the Board in any of the steps the Board chooses to take in enforcing the Governing Documents except that decisions made at hearings must be made by the Board.

7.2 **SCHEDULING HEARINGS.** A hearing before the Board to determine whether a sanction should be imposed may be initiated by the Board after receipt of at least one complaint or for violations noted during a physical inspection. To initiate a hearing, the Board must deliver to the Respondent a notice which includes the following:

7.2.1 **Complaint.** A written statement setting forth in ordinary and concise language the acts or omissions with which the Respondent is charged,

7.2.2 **Basis for Violation.** A reference to the specific provisions of the Governing Documents which the Respondent is alleged to have violated,

7.2.3 **Hearing Schedule.** The date, time and place of the scheduled hearing,

7.2.4 **Sanctions.** A list of sanctions which may be imposed at the hearing.

The date for the hearing may be not less than fifteen (15) days after the date the notice of hearing is mailed or delivered to the Respondent. The Respondent is entitled to attend the hearing, submit a statement of defense to the Board in advance of the hearing, or present a statement of defense and supporting witnesses at the hearing. If the Respondent does not attend the hearing, the Respondent waives these rights.

7.3 **CONDUCT OF HEARING.** The Board shall conduct the hearing in executive session (if so requested by the Respondent), and shall afford the Respondent a reasonable opportunity to be heard. Before a sanction will be effective, proof of notice and the invitation to be heard must be placed in the minutes of the meeting. Such proof is adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the Association officer or Board member who mailed or delivered such notice. The record of the meeting must contain a written statement of the results of the hearing and the sanction imposed (if any).

7.4 **IMPOSITION OF SANCTIONS.** After affording the Respondent an opportunity for a hearing before the Board, the Board may impose any one or more of the following sanctions: (a) levy a Special Assessment as authorized in the Declaration; (b) suspend or condition the Respondent's right to use any recreational facilities the Association owns, operates or maintains commencing on a date in the future selected by the Board; (c) enter into a Condominium to perform maintenance which, according to the Declaration, is the responsibility of the Respondent; or (d) record a notice of noncompliance if allowed by law. Any suspension of Membership privileges may not be for a period of more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including continuing failure to pay any Assessment after it becomes delinquent) may be imposed as long as the violation continues. Written notice of any sanctions to be imposed must be delivered to the Respondent personally, by any system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means, by first class mail or certified mail return receipt requested, or any combination of the foregoing. No action against the Respondent arising from the alleged violation may take effect before five (5) days after the hearing. The Board shall not impose any sanction that will interfere with or prevent Declarant's exercise of any rights reserved in Article 15 of the Declaration.

7.5 **LIMITS ON REMEDIES.** The Board's failure to enforce the Governing Documents does not waive the right to enforce them. The remedies provided by the Governing Documents are cumulative and not exclusive. However, any individual Owner must exhaust all available internal Association remedies prescribed by the Governing Documents before that Owner may resort to a court of law for relief concerning any alleged violation of the Governing Documents by another Owner.

[CERTIFICATE OF SECRETARY ON NEXT PAGE]

CERTIFICATE OF SECRETARY

I, the undersigned, certify that:

1. I am the duly elected and acting Secretary of Serrano Owners Association, a California nonprofit mutual benefit corporation (the "*Association*"); and

2. The foregoing Bylaws comprising 31 pages (including the title page, table of contents and this page) constitute the Bylaws of the Association duly adopted by the Association Board of Directors on _____, 20____.

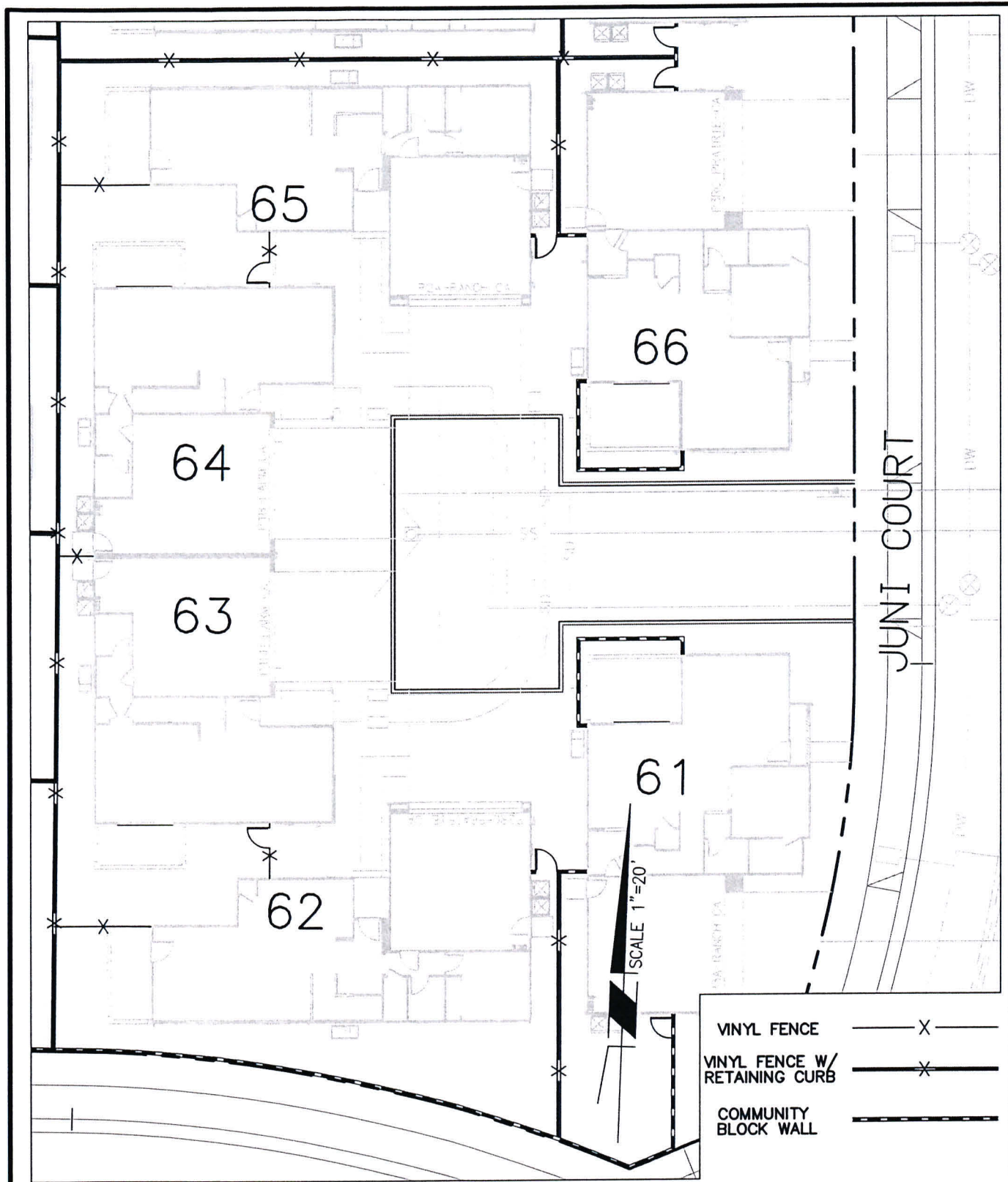
I have signed this Certificate and affixed the seal of the Association effective on _____, 20____.

_____, Secretary

(SEAL)

EXHIBIT D

APPROXIMATE LOCATION OF COMMUNITY WALLS IN PHASE 1



PROACTIVE
ENGINEERING CONSULTANTS
200 South Main Street, Suite 300
Corona, CA 92882 (951) 280-3300

PHASE 1
WALL TYPES AND LOCATIONS
FOR TRACT 37153

DATE: 02/10/22

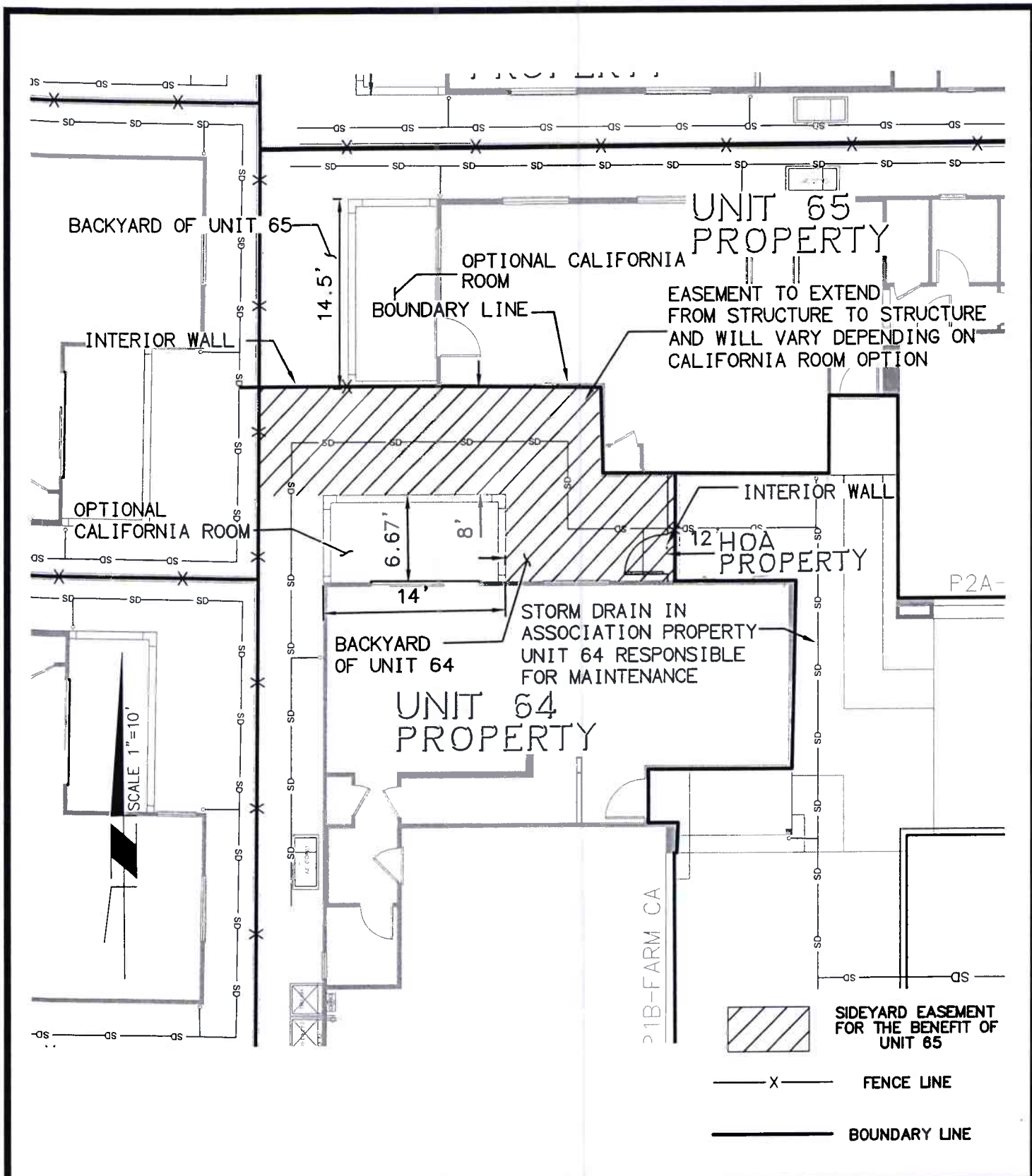
J.N. 06.209.000

SHEET 1 OF 1

EXHIBIT E

**APPROXIMATE LOCATION OF SIDEYARD BENEFITTED UNITS
AND SIDEYARD BURDENED UNITS IN PHASE 1**





PROACTIVE
ENGINEERING CONSULTANTS
200 South Main Street, Suite 300
Corona, CA 92882 (951) 280-3300

UNITS 64/65
RECIPROCAL ACCESS EASEMENTS
FOR TRACT 37153

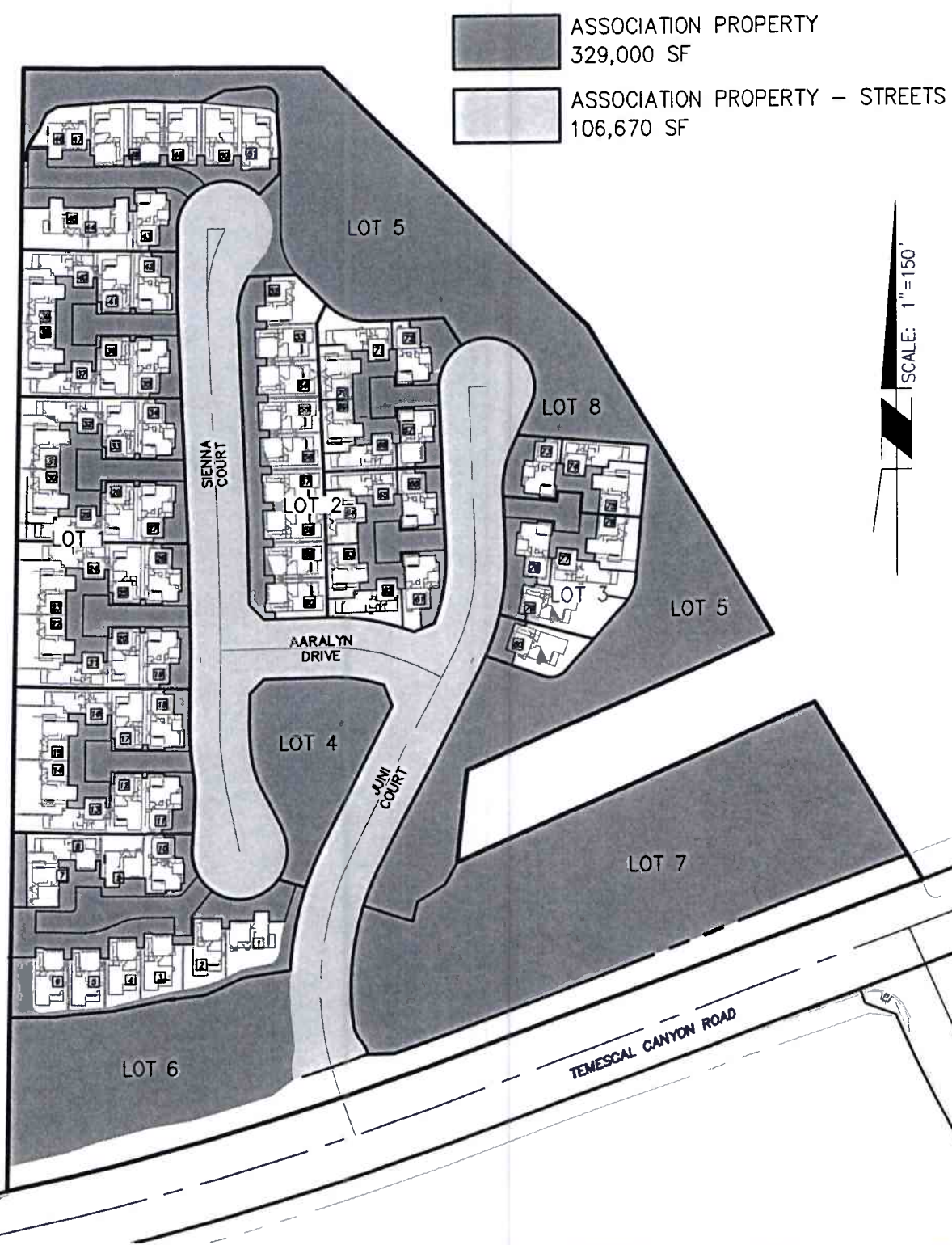
DATE: 02/09/22

J.N. 06.209.000

SHEET 1 OF 1

EXHIBIT F

APPROXIMATE DEPICTION OF ASSOCIATION PROPERTY IN THE COMMUNITY



PROACTIVE
ENGINEERING CONSULTANTS
200 South Main Street, Suite 300
Corona, CA 92882 (951) 280-3300

EXHIBIT F
DEPICTION OF ASSOCIATION PROPERTY
FOR TRACT 37153

DATE: 01/14/22

J.N. 06.209.000

SHEET 1 OF 1



LARRY W. WARD
COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER

Recorder
P.O. Box 751
Riverside, CA 92502-0751
(951) 486-7000

Website: www.riversideacr.com

DOCUMENTARY TRANSFER TAX AFFIDAVIT

WARNING

ANY PERSON WHO MAKES ANY MATERIAL MISREPRESENTATION OF FACT FOR THE PURPOSE OF AVOIDING ALL OR ANY PART OF THE DOCUMENTARY TRANSFER TAX IS GUILTY OF A MISDEMEANOR UNDER SECTION 5 OF ORDINANCE 516 OF THE COUNTY OF RIVERSIDE AND IS SUBJECT TO PROSECUTION FOR SUCH OFFENSE.

ASSESSOR'S PARCEL NO. 290 --060 --025

Property Address: Vacant Land

I declare that the documentary transfer tax for this transaction is: \$0.00.

If this transaction is exempt from Documentary Transfer Tax, the reason must be identified below.

I CLAIM THAT THIS TRANSACTION IS EXEMPT FROM DOCUMENTARY TRANSFER TAX BECAUSE: (The Sections listed below are taken from the Revenue and Taxation Code with the exception of items 9 and 10 which are taken from Riverside County Ordinance 516). Please check one or explain in "Other".

1. ☒ Section 11911. The consideration or value of the property, exclusive of any liens and encumbrances is \$100.00 or less and there is no additional consideration received by the grantor.
2. ☐ Section 11911. The conveyance transfers to a revocable living trust by the grantor or from a revocable living trust to a beneficiary.
3. ☐ Section 11921. The conveyance was given to secure a debt.
4. ☐ Section 11922. The conveyance is to a governmental entity or political subdivision.
5. ☐ Section 11925. The transfer is between individuals and a legal entity or partnership, or between legal entities and does not change the proportional interests held.
6. ☐ Section 11926. The conveyance is to a grantee who is the foreclosing beneficiary and the consideration paid by the foreclosing beneficiary does not exceed the unpaid debt.
7. ☐ Section 11927. The conveyance relates to a dissolution of marriage or legal separation.
(A spouse must sign a written recital in order to claim this exemption. This form may be used for that purpose.)
8. ☐ Section 11930. The conveyance is an *inter vivos* gift* or a transfer by death.
*Please be aware that information stated on this document may be given to and used by governmental agencies, including the Internal Revenue Service. Also, certain gifts in excess of the annual Federal gift tax exemption may trigger a Federal Gift Tax. In such cases, the Transferor (donor/grantor) may be required to file Form 709 (Federal Gift Tax Return) with the Internal Revenue Service.
9. ☐ Section 8. The easement is not perpetual, permanent, or for life.
10. ☐ Section 9. The document is a lease for a term of less than (35) years (including written options.)
11. ☐ Other (Include explanation and legal authority) _____

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Executed this 31 day of May, 2022 at Corona, CA
City State

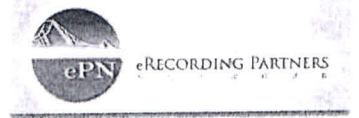
Michael J. Keough
Signature of Affiant
First American Title - HSD
Name of Firm (if applicable)

Michael Keough
Printed Name of Affiant
1250 Corona Pointe, Suite 200, Corona, CA 92879
Address of Affiant (including City, State, and Zip Code)
951-256-5827
Telephone Number of Affiant (including area code)

This form is subject to the California Public Records Act (Government Code 6250 et. seq.)

For Recorder's Use:

Affix PCOR Label Here

Riverside County, CA*Jurisdiction***6638422****Client:** CA - First American Title**Homebuilder Services Southern****Branch:** Southern California Title**Department - 09784****Unit Name:** Corona - Duran**Officer Name:** Jesus Duran**Unit Phone #:** (951) 256-5800**Unit Extension:****RECORD UPON RECEIPT**

1.510.340.1496

CACustomerService@GOePN.com**7499356****Rec. Date:****Rec. Time:**

| Pg Ct. | Seq # | Reference #1 (Order #) | Document Type | Actual Fee | Recording Fee | County Tax | City Tax | Instrument # |
|--------|-------|------------------------|---------------|------------|---------------|------------|----------|--------------|
| | 1 | 6638422 | Tract Map | | | | | |
| | 2 | 6638422 | Other | | | | | |
| | 3 | | | | | | | |
| | 4 | | | | | | | |
| | 5 | | | | | | | |
| | 6 | | | | | | | |
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| | 10 | | | | | | | |

| ePN Operational QC | | | | |
|--------------------|-------------|---------|------------------------|---------------------|
| Received | Pre-Checked | Initial | Grantor/Seller's Name: | Buyer/Owner's Name: |
| Scanned/Uploaded | Submitted | | | |

| Delivery Instructions | Special Instructions | Memo/Notes |
|-----------------------|---|--|
| eRecord - In House | TRA and Trsfr Tax Amt 1st page of DEED, TTA required ALL documents, COMBINE City of Riv and County tax together | Doc 1: Tract Map 37153 CHARGE CODE: ePN - 2. Record Concurrently 3. Fill-ins 4. Conformed Copy 5. Please email confirmation to: jduran@firstam.com and mkeough@firstam.com firstamriv@goePN.com Doc 2: CC&Rs |

ORIGIN ID: ONTA (951) 256-5827
MICHAEL KEOUGH

1250 CORONA POINTE COURT

CORONA, CA 92879
UNITED STATES US

SHIP DATE: 31MAY22
ACTWGT: 1.00 LB
CAD: 101854216/INET4490

BILL SENDER

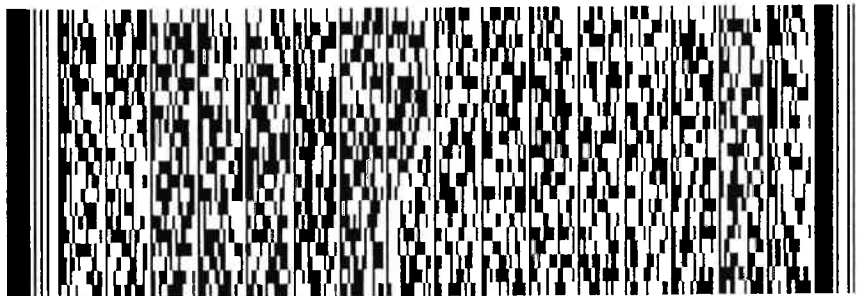
TO **JESUS DURAN**
FIRST AMERICAN TITLE COMPANY
1250 CORONA POINTE
SUITE 200
CORONA CA 92879

577.02/274F/FE4A

(951) 256-5827
INV: TRACT 37153
PO:

REF: 09784

DEPT: FATCO



FedEx
Express

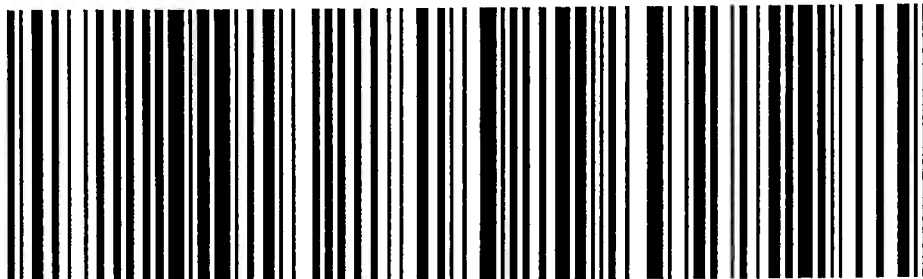


WED - 01 JUN 10:30A
PRIORITY OVERNIGHT

TRK# 7769 9858 2090
0201

WM ONTA

92879
CA-US ONT



After printing this label:
1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.