TRANSPORTATION DEPARTMENT

FORM 11 SUMMARY/ROUTING FORM

RECEIVED RIVERSIDE COUNTY CLERK/BOARD OF SUPERVISORS
2024 JUL -8 AM 10: 29

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

☐ AGREEMENT/CONTRACT	NO.:

REQUESTED BOARD DATE: 7/09/2024	CAN IT GO AT A LATER DATE: ☐YES ☐NO

☐ AMENDMENT	NO.	☐ CHANGE ORDER	NO.
☐ RESOLUTION	NO.	☐ ORDINANCE	NO.
☐ AWARD PACKAGE	☒ FINAL MAP	☐ ACQUISITION/EDA	☐ ADVERTISEMENT PACKAGE
☐ OTHER:		SUPERVISORIAL DISTRICT: 1	

PROJECT/SUBJECT:
FINAL TRACT MAP NO: 33688 (Schedule "A")
DESCRIPTION: APPROVAL OF FINAL TRACT MAP AND IMPROVEMENT AGREEMENTS

CONTRACTING PARTY: GINA NESS	W.O. NO.: FTM33688 (TC-SU21)(DBF)
PROJECT MANAGER: GINA NESS	EXTENSION: 5-6711
FORM 11 AUTHOR/CONTACT: GINA NESS	EXTENSION: 5-6711

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 AND LIEN AGREEMENT ARE TO BE EXECUTED BY THE CHAIR OF THE BOARD. COB RETAINS 1 COPY OF THE IMPROVEMENT AGREEMENT AND RETURNS THE 2 REMAINING COPY TO TRANSPORTATION.
THE FINAL TRACT MAP, CC&R'S, AND LIEN AGREEMENT ARE TO BE DELIVERED TO THE COUNTY RECORDER

MINUTETRAQ (MT) NO:	TRANS TRACKING ID:	DATE RECEIVED:	INITIALS:
25460			

BOARD AGENDA DATE:	**BOS ITEM NUMBER:**

7/8/2024 a

2024-7-159637

MEMORANDUM

RIVERSIDE COUNTY COUNSEL

RECEIVED
JAN 25 2024
Riverside County
TLMA Planning Department

DATE: January 25, 2024

TO: Kathleen Mitchell, TLMA Panning

FROM: Stephanie K. Nelson, Deputy County Counsel
Mary E. Miller, Senior Legal Support Assistant

RE: Declarations of Covenants, Conditions and Restrictions and Establishment of Easements of TR 33688 – Sunland Properties

---

We have reviewed the Declarations of Covenants, Conditions and Restrictions and Establishment of Easements for TR 33688 – Sunland Properties (CC&R's) submitted by Sunny Hwang.

As forwarded herewith, the documents are **APPROVED** as to form.

Accordingly, the requirements for Declarations of CC&R's for TR33688 Sunland Properties are **SATISFIED**.

Survey
Received
1|29|24

cc: Richard Peters (rpeters.repetersco@gmail.com)
Arean Park (areanplusinc@gmail.com)
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Paulette Izaguirre, County of Riverside TLMA (PIzaguir@rivco.org)

Prolaw ID: 202456990

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

8949 Buffalo Ave
Rancho Cucamonga
CA 91730
Attn: SUNNY HWANG

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND ESTABLISHMENT OF EASEMENTS

OF

TRACT NO. 33688

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.

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND ESTABLISHMENT OF EASEMENTS OF TRACT NO. 33688

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND ESTABLISHMENT OF EASEMENTS OF TRACT NO. 33688 is made this 23rd day of January, 2024, by SUNLAND PROPERTIES, INC., a California corporation with reference to the facts set forth below.

RECITALS

All initially capitalized terms used but not defined in the Recitals shall have the meanings set forth in Article 1.

A. Property Owned by Declarant. Declarant is the Owner of a residential community situated in the County of Riverside, State of California known as "Tract No. 33688" ("Community"). If developed as planned, the Community may consist of approximately fifty-four (54) Residential Lots, together with open space and Private Streets.

B. Association. Declarant has formed or will form a homeowners association, to manage and govern the Community and to perform certain maintenance obligations and provide certain services for the benefit of the Community. A primary responsibility of the Association will be to maintain the areas designated as Association Property and areas designated as the Association Maintenance Areas in this Declaration and in Supplementary Declarations. In addition, the Association will provide design review and other services for the benefit of the Owners and the Community as provided in the Governing Documents.

C. Nature of Community. Declarant intends to establish a plan of planned development ownership and to develop the Property as a planned development community within the meaning of California Business and Professions Code Section 11004.5(a) and California Civil Code Section 4175 to conform with the provisions of the California Subdivided Lands Law (California Business and Professions Code Section 11000, *et seq.*) and to subject the Property to certain limitations, restrictions, conditions and covenants as hereinafter set forth, in accordance with the provisions of California Civil Code Sections 4000, *et seq.*

D. Dispute Resolution Declaration. A separate Dispute Resolution Declaration will be or has been recorded against the Property and will set forth, among other matters, Declarant's binding dispute resolution procedures for the resolution of all Claims by an Owner or the Association involving Declarant or a Declarant Party, including without limitation, Construction Defect Claims. Each Owner and the Association are bound by the dispute resolution procedures set forth in the Dispute Resolution Declaration.

DECLARATION

NOW, THEREFORE, Declarant declares that the Property is, and shall be, held, conveyed, encumbered, leased and improved subject to the covenants, conditions, restrictions, easements, liens and charges set forth in this Declaration, all of which are declared and agreed to be in furtherance of a plan of planned development ownership as described in California Civil Code Section 4000, *et seq.* for the subdivision, improvement, protection, maintenance, and for the sale of Residential Lots and all of which are agreed to be for the purpose of enhancing,

maintaining and protecting the value and appearance of the Property and which shall run with the land, shall be binding on and inure to the benefit of Declarant, and all Owners having or acquiring any right, title or interest in the Property and shall be binding on and inure to the benefit of the successors in interest of such parties. Declarant further declares that it is the express intent that this Declaration satisfy the requirements of California Civil Code Section 5975.

Throughout this Declaration, there are summaries (like this summary), which appear in italics, to aid the reader's comprehension and use of this Declaration. In the event of a conflict between any summary and the text of any of the Governing Documents, the text shall control. In the event of any question as to interpretation of the summaries, the text of the Governing Documents shall control.

ARTICLE 1
DEFINITIONS

The defined terms set forth in this Article are used throughout this Declaration and in many of the Governing Documents. The definitions in this Article will assist in reading and reviewing the balance of this Declaration.

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

1.1 "Additional Charges" has the meaning set forth in Section 5.11.1.

1.2 "ADU" shall mean an Accessory Dwelling Unit or Junior Accessory Dwelling Unit as defined in Section 65852.2 and 65852.22 of the California Government Code, respectively.

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

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

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

1.6 "Assessments" means the assessments which are levied to cover the Common Expenses under Article 5 or other Assessments permitted to be levied by the Association under this Declaration and the other Governing Documents, which include the Assessments described below.

1.6.1 "**Capital Improvement Assessments**" means the Capital Improvement Assessments that are levied by the Association pursuant to Section 5.6.

1.6.2 "**Compliance Assessments**" means the Compliance Assessments that are levied by the Association pursuant to Section 5.7.

1.6.3 "**Regular Assessments**" means the Regular Assessments that are levied by the Association pursuant to Section 5.4.

1.6.4 "**Special Assessments**" means the Special Assessments that are levied by the Association pursuant to Section 5.5.

1.7 **"Association"** means the Tract No. 33688 Homeowners Association, a California nonprofit mutual benefit corporation, and any successor entity.

1.8 **"Association Maintenance Areas"** means those portions of the Property and the Offsite Maintenance Areas, if any which, in addition to the Association Property, the Association is obligated to maintain pursuant to the Governing Documents or to comply with the Community Entitlements. The Association Maintenance Areas, if any, shall be described in a Supplementary Declaration.

1.9 **"Association Maintenance Manual"** means the manual which may be prepared by Declarant setting forth the standards and requirements for maintenance of the Association Property and Association Maintenance Areas by the Association.

1.10 **"Association Property"** means all real property owned from time to time, in fee title by the Association and/or designated as Association Property by Declarant. Upon conveyance to the Association, the Association Property in the first Phase of the Community will consist of the real property identified as Association Property on Exhibit "A." The Association Property in subsequent Phases shall be described in Supplementary Declarations.

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

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

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

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

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

1.15.1 expenses for maintenance, management, operation, repair and replacement of the Association Property and Association Maintenance Areas;

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

1.15.3 expenses incurred in complying with the Community Entitlements and Applicable Laws;

1.15.4 expenses incurred in administering any committees formed by the Association;

1.15.5 expenses incurred to cover due but unpaid Assessments;

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

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

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

1.15.9 expenses, if any, required for the maintenance of any areas required by any Governmental Agencies or the Community Entitlements to be maintained by the Association;

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

1.15.11 expenses of insurance and/or fidelity bonds maintained by the Association;

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

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

1.15.14 taxes and assessments paid by the Association;

1.15.15 expenses incurred by the Association for the discharge of any lien or encumbrance levied against the Association Property and Association Maintenance Areas or portions thereof; and

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

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

1.17 **"Community Entitlements"** means all governmental approvals, permits and authorizations issued in connection with the approval of the development of the Community including, without limitation, the tentative map, the Final Map, development agreements, conditions of approval and project permits.

1.18 **"Community Walls"** means those certain fences, walls and any associated trellises, which are to be maintained by the Association as provided in this Declaration. The Community Walls shall be designated on the wall and fence plan on file with the Association.

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

1.20 "**Cross Lot Drainage Easement Areas**" means those certain easement areas located within the Property which contain the Cross Lot Drainage Facilities. The approximate locations of any Cross Lot Drainage Easement Areas, if any, shall be shown in a Supplementary Declaration.

1.21 "**Cross Lot Drainage Facilities**" means those certain subterranean and surface area drainage facilities (if any) installed by Declarant within the Property to provide for drainage between the Residential Lots and/or Association Property, which are to be maintained as provided herein or in a Supplementary Declaration.

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

1.23 "**Declarant Party**" or "**Declarant Parties**" means Declarant and its current and future affiliates, and the respective current and future directors, officers, employees, members, managers, partners, trustees, trust beneficiaries, agents and representative of Declarant.

1.24 "**Declaration**" means this Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Tract No. 33688, as said Declaration may from time to time be amended or supplemented.

1.25 "**Design Guidelines**" means the design criteria adopted by the Board pursuant to Article 8.

1.26 "**Design Review Committee**" means the committee which may be appointed by the Board pursuant to Article 8.

1.27 "**Drainage Improvements**" has the meaning set forth in Section 6.21.

1.28 "**DRE**" means the California Department of Real Estate and any successor agency.

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

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

1.31 "**Federal Agencies**" means collectively one or more of the following agencies and the following letter designation for such agencies shall mean and refer to, respectively, the agency

specified within the parentheses following such letter designation and any successors to such agencies: Federal Housing Administration ("FHA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), and Government National Mortgage Association ("GNMA"), and United States Department of Veterans' Affairs ("VA").

1.32 "Final Map(s)" means the final subdivision or parcel map(s) covering all or any portion of the Property and any corrections, modifications and/or lot line adjustments to such maps.

1.33 "Fire Suppression Requirements" means the requirements imposed by the County and other Governmental Agencies which impose restrictions on landscaping and hardscaping within the Fuel Modification Zones then in effect for the Community.

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

1.35 "First Mortgagee" means the Mortgagee of a First Mortgage.

1.36 "First Purchaser" means the Owner of a Residential Lot who acquired the Residential Lot under authority of a Public Report from Declarant.

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

1.38 "Fuel Modification Zones" means the Fuel Modification Zones as may be depicted in a Supplementary Declaration.

1.39 "Governing Documents" means collectively this Declaration, the Articles, Bylaws, Design Guidelines, Association Rules and any Supplementary Declarations.

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

1.41 "Hazardous Materials" means any biologically or chemically active or toxic or hazardous waste or materials as defined or regulated by Applicable Laws. Hazardous Materials shall include without limitation those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, *et seq.*, any applicable state, local or federal laws and the regulations adopted under these Acts.

1.42 "Improvements" means each and all of the following: (a) all buildings and structures, additions and any improvements of every type and kind, including without limitation, Residences and other buildings, outbuildings, guesthouses, walkways, trails, utility installations, swimming pools and other recreational facilities, garages, roads, sidewalks, pathways, driveways, parking areas, fences, screening walls, block walls, retaining walls, awnings, patio and balcony covers, stairs, decks, balconies, trellises, landscaping, irrigation systems, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, paintings, planted trees and shrubs, antennae, poles, signs, solar or wind powered energy systems or equipment, and water softener, heater or air conditioning and heating fixtures or equipment; (b) the grading, excavation, filling or

similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed; landscaping, planting, clearing or removing of trees, shrubs, grass or plants; (c) all drainage systems; and (d) change or alteration of any previously installed Improvement including any change of exterior appearance color or texture. The Design Guidelines may identify additional items that are Improvements which require approval of the Design Review Committee.

1.43 "Institutional Mortgagee" means each of the following: (a) a First Mortgagee that is a bank, savings and loan association, insurance or mortgage company or other entity or institution chartered under federal and/or state law; (b) an insurer or governmental guarantor of a First Mortgage; (c) a First Mortgagee that is a Federal or State Agency; or (d) any other institution specified by the Board in a recorded instrument that is the Mortgagee of a Mortgage or the beneficiary of a deed of trust encumbering a Residential Lot.

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

1.45 "Lease" means each lease whereby a Person acquires rights to use or occupy a Residential Lot for a specified term.

1.46 "Lessee" means any tenant or lessee occupying a portion of the Property with a Lease.

1.47 "Limited Warranty" means the Limited Warranty provided by Declarant to an Owner and/or the Association.

1.48 "Maintenance" or "Maintain" whether capitalized or not means maintain, repair and replace unless otherwise specified in this Declaration.

1.49 "Maintenance Obligations" means the Association's obligations and each Owner's obligations to perform: (a) all reasonable maintenance consistent with the terms of the Association Maintenance Manual and Owner Maintenance Manual, respectively; (b) any maintenance obligations and schedules in any warranty offered by Declarant or any manufacturer, and any maintenance obligations and schedules otherwise provided to the Association or the Owners by Declarant or any manufacturer, as applicable; (c) any commonly accepted maintenance practices intended to prolong the life of the materials and construction of the Association Property and Residential Lots, as applicable; and (d) any maintenance obligations imposed by the Governing Documents or any Governmental Agencies.

1.50 "Dispute Resolution Declaration" means any Dispute Resolution Declaration executed by Declarant which is recorded in the Official Records against any portion of the Property. References to the Dispute Resolution Declaration include any subsequently recorded amendments or supplements thereto. There may be more than one (1) Dispute Resolution Declaration at any given time; each may apply to different Residential Lots or portions of the Community. The Dispute Resolution Declaration recorded in the Official Records constitutes a part of this Declaration and is incorporated herein by this reference as though set forth in full herein. A copy of the Dispute Resolution Declaration can be obtained from the County Recorder of Riverside County.

1.51 "Member" means every Person who holds a membership in the Association.

1.52 "Mortgage" means a recorded mortgage or deed of trust encumbering a Residential Lot in the Community.

1.53 "Mortgagee" means a mortgagee under a Mortgage as well as a beneficiary under a deed of trust.

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

1.55 "Occupant" means a Person that is entitled to occupy from time to time all or a portion of a Residence, whether pursuant to a Lease, sublease, license or other similar agreement.

1.56 "Official Records" means the official public records of the County Recorder of Riverside County.

1.57 "Offsite Maintenance Areas" means any real property or Improvements located outside of the Property which the Association is obligated to maintain. The Offsite Maintenance Areas, if any, shall be described in a Supplementary Declaration.

1.58 "Owner" means the record owner, whether one or more Persons, including Declarant of any Residential Lot, excluding those having such interest merely as security for the performance of an obligation, unless and until such Person acquires fee title thereto.

1.59 "Owner Maintenance Manual" means the manual prepared by Declarant setting forth the standards and requirements for the maintenance by an Owner of the Residence and other Improvements. The Owner Maintenance Manual may also be referred to as the "Homeowner Manual" or "Homeowner Maintenance Manual" in other related documents.

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

1.61 "Phase" means that portion of the Property which is the subject of a separate Public Report.

1.62 "Private Streets" means those streets, roads, drives and adjacent sidewalks within the Association Property and related lighting, private drainage, pollution control devices, sewage and water systems and other utility installations within such streets, roads, drives and sidewalks that are not maintained by a public agency or franchised utility.

1.63 "Property" means all of the real property described on Exhibit "A". In the event of the de-annexation of any Property previously subject to this Declaration, the term "Property" shall not include any such de-annexed land.

1.64 "Public Report" means the final subdivision public report issued by the DRE for a Phase in the Community.

1.65 "Residence" means each residential dwelling and any other improvements situated within a Residential Lot.

1.66 "Residential Lot" means a subdivided lot shown on a Final Map upon which a Residence has or will be constructed.

1.67 "**Solar Energy System**" means fixed devices, structures or devices or structures that are used primarily to transform solar energy into thermal, chemical or electrical energy including roof-integrated photovoltaic roof tiles, roof-mounted panels or other roof-mounted devices that collect solar energy and generate energy by exposure to the sun.

1.68 "Solar Rights Act" shall means California Civil Code Sections 714, *et seq.*, and any successor statutes.

1.69 "Solar Shade Control Act" means California Public Resources Code Sections 25980, *et seq.*, and any successor statutes.

1.70 "Storm Drain and Water Quality Improvements" means any private storm drain and water quality protection improvements and systems including, without limitation, detention and storm water basins and other pollution control devices located within the Property which are required to be maintained by the Association.

1.71 "Supplementary Declaration(s)" means those certain declarations of covenants, conditions and restrictions, or similar instruments, which may be recorded by Declarant without the consent of any Owner, or by the Association (with the consent of Declarant while Declarant owns any portion of the Property) to do any or all of the following: (a) deannex any portion of the Property in accordance with the provisions of this Declaration; (b) make such other complementary additions and/or modifications necessary to reflect the different character of specific real property; (c) designate a portion of the Property as a Phase; (d) identify or modify Association Maintenance Areas referenced in this Declaration; (e) conform this Declaration or any previously recorded Supplementary Declarations to Applicable Laws or any conditions of approval imposed by any Federal Agencies, Governmental Agencies or the Community Entitlements; and/or (f) make corrections to the provisions of this Declaration or previously recorded Supplementary Declaration(s). Supplementary Declarations may also be recorded to impose additional covenants and restrictions on the Owners with the prior consent of the applicable Owners, upon whose portion of the Property the covenants and restrictions are being imposed, unless such restrictions are imposed pursuant to any of the other purposes for which a Supplementary Declaration may be recorded as set forth herein or in the other Governing Documents.

1.72 "Utility Facilities" means all utility facilities serving the Property including without limitation, electrical, irrigation and all other utility systems and facilities reasonably required to service any improvements situated in, on, or under the Property.

1.73 "Voting Power" means the voting power of the Association set forth in Section 4.2.

ARTICLE 2
OWNERSHIP AND EASEMENTS

This Article describes the easements necessary for the Association to exercise its rights and obligations under the Governing Documents, the easements necessary for Declarant to implement the development plan and marketing for the Community and the easements necessary for the Association and Owners to exercise their rights and enjoy the overall features and

amenities of the Community intended for their use. Each Owner's rights of enjoyment to the Association Property are limited by some of the rights described in this Article. To be effective, the easements reserved and granted herein may, but are not required to be reserved and granted in the grant deed.

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

2.2 Title to Association Property. Any portions of the Property within a Phase made subject to this Declaration that is intended or required to be Association Property shall be conveyed to the Association prior to the conveyance of the first Residential Lot in that Phase to a First Purchaser.

2.3 Commencement of Easements. Each of the easements reserved or granted under this Declaration shall be deemed to be established upon the recordation of this Declaration and the conveyance by Declarant of a Residential Lot to a First Purchaser and shall thereafter be deemed to be covenants running with the land for the use and benefit of the Owners, the Residential Lots, the Association, and the Association Property superior to all other encumbrances applied against or in favor of any portion of the Community.

2.4 Access, Use and Maintenance Easements.

2.4.1 Non-Exclusive Easements for Association Property. Declarant hereby reserves and grants to each Owner, a non-exclusive easement for ingress, egress and use of the Association Property, subject to the terms of the Community Entitlements and Governing Documents; provided, however, that Owners shall not have an easement over any areas restricted from access by the Association or restricted under the Community Entitlements.

2.4.2 Easements Over Association Maintenance Areas to Perform Obligations. Declarant hereby reserves to itself and grants to the Association, non-exclusive easements over, upon, through and across the Property, including, without limitation, any Association Maintenance Areas, for performing its duties and obligations and exercising its powers described in the Governing Documents. To the extent any cluster mailboxes serving the Community are installed by Declarant or the United States Postal Service on a Residential Lot, Declarant hereby reserves to itself and grants to the Association, non-exclusive easements for maintenance, repair and replacement of such cluster mailboxes by the Association and non-exclusive easements for the use of the mailboxes by the Owners of the Residential Lots serviced by such cluster mailbox.

2.4.3 Enforcement Easements in Favor of Declarant and the Association. Declarant hereby reserves to itself and grants to the Association, non-exclusive easements and right of access over, upon, across and through all portions of the Property, for the purpose of taking such action as may be reasonably required to exercise the remedies of Declarant or the Association (as applicable) in regard to any violation of this Declaration or any of the other Governing Documents. In the case of any such entry over, upon, across and through any portion of the Property that is not owned by the Association: (a) Declarant or the Association shall endeavor to provide reasonable prior notice to the Owner, except notice shall not be required in

the case of an Emergency or for entry for the performance by the Association of its regular maintenance obligations under this Declaration and the other Governing Documents; and (b) Declarant or the Association shall use commercially reasonable efforts to minimize any inconvenience to the Owner and/or Occupants.

2.4.4 Solar Energy Systems. Declarant reserves to itself, the right to grant non-exclusive easements over, under, through and across the Property for installation, operation, maintenance, improvement and removal of solar energy systems, and access necessary for such purposes.

2.4.5 Driveway Areas. To the extent any portion of the driveway improvements providing access to a Residential Lot are located within the boundary of the Association owned Private Street, the Owner of the Residential Lot serviced by such driveway shall have an easement for such driveway and the maintenance, repair and replacement thereof, which maintenance, repair and replacement obligation shall be the sole responsibility of the Owner of the Residential Lot serviced by such driveway.

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

2.6 Storm Water Drainage and Utility Easements.

2.6.1 Easements for Drainage and Runoff. Declarant hereby reserves to itself and grants to each Owner and to the Association, non-exclusive easements for drainage through the established system of drainage pipes and facilities over, through and the Residential Lots and the Association Property. Such easements shall be subject to the restrictions set forth in Section 6.21.

2.6.2 Cross Lot Drainage Facilities. Declarant hereby reserves to itself and grants to each Owner and to the Association, non-exclusive easements on, over, through and across the Residential Lots and/or Association Property that are part of the same Cross Lot Drainage Facilities system for the purpose of drainage through the Cross Lot Drainage Facilities.

2.6.3 Storm Water Easements. Declarant hereby reserves to itself and grants to each Owner and the Association, non-exclusive easements over, under, through and across the Property to the extent necessary for the flow of storm water through and the Storm Drain and Water Quality Improvements.

2.6.4 Utilities. Declarant hereby reserves to itself and grants to the Association, non-exclusive easements over, under, across and through the Property for the

maintenance, repair and replacement of the Utility Facilities serving the Association Property or Association Maintenance Areas pursuant to this Declaration. There are hereby reserved and granted to each Owner non-exclusive easements over, under, across and through the Property for the existence and use of Utility Facilities serving such Owner's Residential Lot in the location originally installed by Declarant.

2.7 Development and Other Easements and Rights in Favor of Declarant.

2.7.1 Maintenance and Repair. Declarant hereby reserves to itself non-exclusive easements over, under, through and across the Property for access by Declarant, its agents, employees and contractors to perform necessary maintenance or repair of any Improvements or to implement any warranty provided by Declarant. Such right includes the right of Declarant to enter upon the Property to perform any work required to be performed pursuant to any of the Community Entitlements, or to cure any failure of the Association to perform any work required as a condition to the release of any bonds or other security posted with a Governmental Agency or any other obligee and to perform it obligations under any warranties provided by Declarant to an Owner and/or the exercise any repair rights granted to Declarant under this Declaration, any warranties or Applicable Laws; provided, however, that nothing contained herein shall be deemed to impose any obligations on Declarant to cure any failure of the Association to perform its Maintenance Obligations.

2.7.2 Declarant's Easements to Exercise Rights. Declarant hereby reserves to itself non-exclusive easements over, under, through and across the Property to perform its duties and exercise its powers granted or reserved in this Declaration.

2.7.3 Development Easements. Declarant hereby reserves to itself non-exclusive easements over, under, through and across the Property as is reasonable and necessary to undertake and complete the work of development, construction, marketing, conveyance and/or repair and replacement of the Improvements.

2.7.4 Easements for Signage. Declarant hereby reserves to itself non-exclusive easements over, under, through and across the Association Property to install, maintain, repair and replace, identification, promotional, and other signage, banners, flags and other advertising and promotional materials required or deemed necessary by Declarant, including, without limitation, any signage in connection with the exercise of activities described in Section 2.7.3 and Article 9.

2.7.5 Additional Improvements and Utility Facilities. Declarant hereby reserves to itself non-exclusive easements over, under, through and across the Property, for the purpose of installing, operating and maintaining landscaping, sidewalks, walkways, drainage areas, lighting, signage, monumentation, Utility Facilities, and other facilities and Improvements within the Property, as may be deemed appropriate by Declarant and/or required by the Community Entitlements, Governmental Agencies or in connection with the issuance of any permits or approvals for the benefit of Declarant or as may be required in connection with the development of the Property. In addition, Declarant hereby reserves to itself non-exclusive easements over, upon and across all Association Property for purposes of such access as may be reasonably required in connection with such activities.

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

2.8.1 Easements of Record. The Property and all of the easements granted or reserved herein are subject to all covenants, conditions, restrictions, encumbrances, easements, dedications, and rights of way as set forth in Supplementary Declarations, as well as the Final Map and any other matters of record, including, without limitation, the Community Entitlements and any agreements recorded against the Property. Nothing in this Declaration shall be deemed to limit the right of Declarant, or (with the prior consent of Declarant) the Association, to grant or reserve any additional easements over any portion of the Property to such grantees and for such purposes as Declarant or the Association may deem appropriate, provided that any such easements shall not be inconsistent with the easement rights granted in this Declaration by Declarant to memorialize the easements and other rights reserved to Declarant under this Declaration.

2.8.2 Governing Documents. All of the easements and other rights reserved and granted in this Declaration are subject to the limitations, restrictions and easements set forth in the Governing Documents.

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

2.8.4 Suspend Rights to Use Association Property. All of the easements are subject to the right of the Association, after Notice and Hearing, to temporarily suspend the right to use the Association Property pursuant to the terms of the Governing Documents, provided, however, that no such suspension shall deny an Owner or Occupant access to his or her Residence and the use of any utilities.

2.8.5 Easements and Dedication. The Association shall have the right, without the consent of the Owners, to dedicate, transfer or grant easements over all or any part of the Association Property or any interest therein to any Governmental Agency or other Person, which dedication, transfer or easements shall be subject to the provisions of this Declaration and such other conditions as the Association deems proper.

2.8.6 Control Parking. Subject to the provisions of this Declaration, the Association shall have the right to control parking within the Private Streets and to promulgate rules and regulations to control parking in a manner consistent with this Declaration.

2.9 Rights of Invitees and Occupants. Notwithstanding any other provisions of this Declaration or the Governing Documents, nothing contained in this Article is intended to grant any third party beneficiary rights or any other rights to an Invitee and Occupant. No Invitee or Occupant shall have any rights under this Article independent of the rights granted to the Association and the Owners under this Declaration.

2.10 Easements Reserved by Declarant. Any of the easements hereunder reserved by Declarant may be assigned or transferred by Declarant to any Person without the consent of any Owners or the Association.

2.11 Duration of Easement Rights. Except for the rights of Declarant. the easement rights granted under this Declaration shall be for a term and duration coextensive with the Owner's title or interest in and to a Residential Lot. Upon conveyance of a Residential Lot, such rights shall pass to the successor Owner(s) of the Residential Lot being conveyed. All of the rights reserved to Declarant shall continue so long as Declarant owns any portion of the Property.

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

2.13 No Separate Conveyance. The interest of each Owner in the use and benefit of the Association Property and all other easements reserved and granted hereunder to each Owner shall be appurtenant to the Residential Lot owned by the Owner. No Residential Lot shall be conveyed by the Owner separately from the right to use the portions of the Association Property that are open for access by the Owners and their Invitees in accordance with the Governing Documents. Any conveyance of any Residential Lot shall automatically transfer the interest in the Owner's right to use the Association Property as provided in this Declaration and the Governing Documents without the necessity of express reference in the instrument of conveyance.

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

ARTICLE 3
THE ASSOCIATION

The Association has been formed to govern, maintain and manage the Community and to perform the other powers and duties of the Association described in this Article. The Association acts by and through a Board of Directors. This Article establishes both the powers and the duties of the Association.

3.1 The Organization. The Association is a nonprofit mutual benefit corporation formed under the nonprofit mutual benefit laws of the State of California. On the conveyance of the first Residential Lot to a First Purchaser, the Association shall be charged with the duties and given the powers set forth in the Governing Documents.

3.2 Association Action; Board of Directors and Officers. Except as to matters requiring the approval of Members as set forth in the Governing Documents, the affairs of the Association shall be conducted by the Board and its officers.

3.3 Powers of the Association. The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California subject only to such limitations on the exercise of such powers as are set forth in the Governing Documents. It shall have the power to do any lawful thing that may be authorized, required, or

permitted to be done by the Association under the Governing Documents including, without limitation, the powers set forth below.

3.3.1 Performance of Duties; Commencement of Association's Duties and Powers. The Association shall have the power to undertake all of the express duties required under Section 3.4 to be performed by the Association. Unless otherwise specified in a Supplementary Declaration, the duties, rights and powers of the Association shall commence from and after the date of the conveyance of fee ownership of any portion of the Property from Declarant to a First Purchaser, or such earlier date that Declarant may elect, and the Association shall thereupon assume all such duties and such rights and powers.

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

3.3.3 Right of Entry and Enforcement. The Association shall have the power to: (a) take disciplinary action and/or assess monetary fines against any Owner for violation of the Governing Documents by such Owner or their Invitees; (b) commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provision of the Governing Documents; (c) after Notice and Hearing, suspend the rights to use any Association Property or membership rights or privileges; (d) enforce by mandatory injunction, or otherwise, any provision of the Governing Documents or any resolutions of the Board; or (e) to enter in or onto any of the Association Maintenance Areas and, upon at least twenty-four (24) hours' notice, the right to enter in or onto any other Residential Lot without liability to any Owner, for the purpose of enforcing any of the provisions of the Governing Documents; provided, however, that in the event that there is an Emergency, the agents and representatives of the Board may enter such Residential Lot immediately and without notice for the sole purpose of taking such action as is necessary under the circumstances. In no event, however, may the Association enter into the interior of any Residence. Any damage caused by entry by the Association pursuant to the provisions of this Section shall be repaired by the Association.

3.3.4 Delegation of Rights of Use. Subject to the Governing Documents, the Association shall have the power to exclusively use or to allow the Owners or Occupants the exclusive use on a temporary basis of portions of the Association Property for events and functions, on terms and conditions that the Board deems appropriate, including charging such Owners or Occupants for such use as provided in the Association.

3.3.5 Delegation of Powers; Professional Management. The Association shall have the power to delegate its powers, duties, and responsibilities to committees or employees, including a professional managing agent, subject to the requirements of Section 3.5.2.

3.3.6 Easements and Rights of Way. The Association shall have the power to exercise any of the easements and other rights granted to the Association under Article 2. The affirmative vote of Majority of Members shall be required before the Board may grant exclusive use of any portion of the Association Property to any Member unless the grant of exclusive use is one of the exceptions to Member approval requirements listed in California Civil Code Section 4600.

3.3.7 Capital Improvements. Subject to the terms of this Declaration, the Association shall have the power to approve the construction, installation or acquisition of a particular capital improvement to the Association Property or Association Maintenance Areas.

3.3.8 Acquire Property. The Association shall have the power to acquire and hold real and personal property as may be necessary or convenient for the management or operation of the Association Property or Association Maintenance Areas and may dispose of the same by sale or otherwise.

3.3.9 Restrict Access. The Association shall have the power to restrict access on or to any portion of the Association Property and Association Maintenance Areas for purposes of facilitating construction or making repairs of Improvements by the Association on such terms as the Association may deem reasonably appropriate. Any such restriction shall reasonably minimize any impact on access to and from any neighboring areas.

3.3.10 Enter Into Agreements. The Association shall have the power to enter into maintenance, cost sharing and/or easement agreements with owners of property adjacent or in the vicinity of the Property (including, without limitation, Governmental Agencies) or any owners associations. Unless otherwise specified in the agreement or a Supplementary Declaration, any agreements entered into by Declarant with any Governmental Agency relating to the Property shall be binding on the Association. Notwithstanding any other provisions of this Declaration regarding the term of contracts with Declarant for providing services to the Association, the Association shall have the power to enter into maintenance, use, subsidy or similar agreements with Declarant.

3.3.11 Contract for Goods and Services. The Association shall have the power to contract for goods and services for the benefit of the Association Property and the Community that are necessary for the Association to perform its duties and obligations under the Governing Documents and/or as may be required by Governmental Agencies, including engaging legal, management and accounting services.

3.3.12 Borrow Funds. The Association shall have the power to borrow money to improve, repair or maintain the Association Property, Association Maintenance Areas and to hypothecate any or all real or personal property owned by the Association, including pledging as collateral the assessment liens levied thereon, provided that the borrowing of any money or hypothecation of any real or personal property in excess of five percent (5%) of the budgeted gross expenses of the Association shall require the approval by written ballot of at a majority of each class of Members and the lender's rights of default for any loan obtained pursuant to this Section are limited to, after taking possession of any Association Property, charging reasonable admission and fees, and, upon satisfaction of the debt, such Association Property shall be returned to the Association.

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

3.3.14 Association Rules. The Board, by majority vote, shall have the power to adopt the Association Rules. The Board shall further have the power to amend the Association

Rules as it deems appropriate relating to the use and operation of the Community. Notwithstanding any provision of this Declaration to the contrary and to the extent California Civil Code Section 4340, *et seq.*, is applicable to the Association Rules, any rule which is considered to be an operating rule under California Civil Code Section 4340, *et seq.*, may not be adopted, changed or amended except by and pursuant to the procedures set forth in California Civil Code Section 4340, *et seq.*

3.3.15 Assignment of Maintenance Responsibilities. The Association shall have the power to relinquish or assign its maintenance responsibilities to any Governmental Agencies, including without limitation, maintenance or assessment districts, utility companies and/or school districts, provided that such Governmental Agency shall have accepted such maintenance responsibility of the Association.

3.3.16 Claims and Actions. Subject to the provisions of this Declaration, and in compliance with California Civil Code Section 5980, the Association shall have the power, but not the duty, to initiate, defend, settle, release or intervene in mediation, arbitration, judicial or administrative proceedings on behalf of the Association in matters pertaining to: (a) the application or enforcement of this Declaration; (b) any and all claims, causes of action, damages and suits for defects relating in any way to the design or construction of the Association Property, Association Maintenance Areas or any portion thereof, on behalf of all Owners; and (c) Limited Warranty claims that may arise with respect to the Association Property or Association Maintenance Areas; provided, however that no representative of Declarant on the Board shall vote on the initiation of any claim under California Civil Code Section 895 *et seq.*, such that from and after the first election of directors in which Class A Members of the Association participate, Declarant shall have no control over the Association's ability to decide whether to initiate a claim under such statutory provisions and in the event of such a vote, the affirmative vote of the two non-Declarant representatives on the Board shall be binding so long as a quorum of the Board is present at any meeting where such vote is taken. An Owner may only assert Limited Warranty claims pertaining to such Owner's Residential Lot. The Association and not the individual Members shall have the power to pursue Limited Warranty claims or any claims or other actions using the non-adversarial procedures for construction defects in the Association Property or Association Maintenance Areas pursuant to California Civil Code Section 895 *et seq.* The Association shall comply with such non-adversarial procedures in bringing any such claims or actions. Each Owner hereby agrees to designate such authority to the Association and assigns to the Association all power and authority as is necessary for any settlement or release of any such claims

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

3.4.1 Applicable Laws and Community Entitlements. The Association shall comply with all Applicable Laws and the Community Entitlements and any County Agreements, including the Storm Water Agreement.

3.4.2 Obligations Under Governing Documents. The Association shall perform all duties that may be imposed on the Association in this Declaration.

3.4.3 Acceptance of Association Property and Association Maintenance Areas. The nature, design, quality and quantity of all Improvements to the Association Property

and other Association Maintenance Areas shall be determined by Declarant, in its sole discretion. The Association shall accept title to and maintenance responsibility for each portion of the Association Property and Association Maintenance Areas. The Association shall periodically review the nature and scope of the operations of the Association to assure such operations are in satisfactory compliance with the requirements of the Governing Documents and the Maintenance Manual. The Association shall comply with the requirements of any agreements entered into between Declarant and a Governmental Agency pertaining to the Association Property and Association Maintenance Areas. In the event that a dispute arises between Declarant and the Association with respect to the nature, design, quality or quantity of such Improvements, or the acceptance of maintenance responsibilities therefore, the Association shall be obligated to accept title to the Association Property and any easements over the Association Maintenance Areas and undertake maintenance responsibilities therefore, pending resolution of the dispute, in accordance with the provisions for enforcement set forth in Article 15.

3.4.4 Utilities. The Association shall provide and pay for water and other utility services for the Association Property and Association Maintenance Areas to the extent necessary. The Association shall permit utility suppliers and other providers of any telecommunications or other services to use portions of the Association Property reasonably necessary to the ongoing development and operation of the Community.

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

3.4.6 Taxes, Assessments and Liens. The Association shall pay all real and personal property taxes levied against the Association Property or personal property owned by the Association. The Association shall pay any amount necessary to discharge any lien or encumbrance upon the Association Property, the Association Maintenance Areas, or any other property of the Association.

3.4.7 Architectural Control. The Association shall promulgate architectural standards and procedures as it deems appropriate, may appoint or remove members of the Design Review Committee and may hire a consultant in connection therewith in accordance with the provisions of Article 8.

3.4.8 Association Rules. The Association shall adopt and be entitled to modify and enforce the Association Rules as it deems reasonable. The Association Rules shall govern the Community. However, the Association Rules shall not be inconsistent with or materially alter any provisions of the Governing Documents. A copy of the Association Rules, as adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. In case of any conflict between any of the Association Rules and any other provisions of this Declaration, the conflicting Association Rule shall be deemed to be superseded by the provisions of the Governing Documents. Notwithstanding any provision of this Declaration to the contrary and to the extent Civil Code Section 4340, *et seq.*, is applicable to the Association Rules, any rule which is considered to be an operating rule under California Civil Code Section 4340, *et seq.*, may not be adopted, changed or amended except by and pursuant to the procedures set forth in California Civil Code Section 4340, *et seq.*

3.4.9 Warranties. The Association shall comply with the terms of each warranty in favor of the Association, if any, for any equipment or facilities within the Association

Property and/or Association Maintenance Areas, which warranties may be impaired or eliminated if the Association fails to maintain in compliance with a warranty or if it fails to keep in effect certain maintenance contracts.

3.4.10 Maintenance Manuals. The Association shall maintain at the offices of the Association a copy of the Owner Maintenance Manual(s) provided by Declarant to the Owners and shall make available to every Owner upon request a copy of the Owner Maintenance Manual for such Owner's home. The Association shall have the right to charge the requesting Owner a fee for the copying of such Owner Maintenance Manual. The Association shall also comply with provisions of the Association Maintenance Manual provided by Declarant to the Association. The Association may, from time to time, make appropriate revisions to the Association Maintenance Manual based on the Board's review thereof to update such manual to provide for maintenance according to current industry practices so long as such changes do not reduce the useful life or functionality of the items being maintained. The Association shall require that any management company hired by the Association for the Community: (i) ensures that review of the Association Maintenance Manual requirements and issues is included on the agenda of each meeting of the Board; (ii) ensures that the Association Maintenance Manual is brought to each regular meeting of the Board; and (iii) ensures that the Association Maintenance Manual is updated with all inspection reports for the Association Property or other Association maintained areas.

3.4.11 Minutes of Board Meetings. The Association shall supply copies of the minutes or a summary of the minutes of any meeting of the Board to Declarant within thirty (30) days of the applicable meeting of the Board for a period of one (1) year after the conveyance of the last Residential Lot within the Property by Declarant to a First Purchaser.

3.4.12 Dedications to the County. Certain portions of the Property may have been dedicated to the County on the Final Map. If the County does not accept such dedications, the Association shall be required to accept the conveyance of such Property in fee title. The Association's acceptance of such transfer shall be through the president of the Association who shall be authorized to execute any document(s) required to facilitate transfer of such areas or any portion thereof.

3.5 Limitations on Authority of Board.

3.5.1 Actions Requiring Member Approval. The Association shall not take any of the actions listed below except with the vote or written consent of: (a) a majority of the Members of each of Class A and Class B Members during the time the Class B voting structure set forth in Section 4.2.2 is in effect; or (b) the vote at a meeting of the Association, or by written ballot without a meeting pursuant to Corporations Code Section 7513, of at least a majority of the Members of the Association including at least a majority of Association Members other than Declarant after conversion to a single Class A voting membership.

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

(b) Limit on Sales of Association Property. The Association shall not sell during any Fiscal Year property of the Association having an aggregate fair market value

greater than five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year.

(c) Limit on Compensation. The Association shall not pay compensation to Members for services performed in the conduct of the Association's business; provided, however, the Board may cause a member of the Board to be reimbursed for expenses incurred in carrying on the business of the Association.

(d) Limit on Third Person Contracts. The Association shall not enter into a contract with a third person wherein the third person will furnish goods or services for the Association Property or the Association Maintenance Areas, for a term longer than one (1) year with the following exceptions:

(i) 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) an agreement for cable television services and equipment or satellite television services or equipment 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;

(iv) an agreement for the sale or lease of burglar alarm and fire alarm equipment, installation and services 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) a prepaid casualty and/or liability insurance policy not to exceed three (3) years duration; provided that the policy permits for short-rate cancellation by the insured;

(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 obligations upon ninety (90) days written notice of termination to the other party;

(vii) a contract which has been submitted to the DRE in connection with an application for a Public Report or for any other purpose;

(viii) any agreement required to be entered into under the Community Entitlements, including the County Agreements; and

(ix) any maintenance agreement for the maintenance of any portion of the Association Property and the Association Maintenance Areas which is required as a condition to the effectiveness of any warranty in favor of the Association.

3.5.2 Property Manager. The manager of the Association shall at all times be a professional manager operating as an independent contractor. The Association shall not

discontinue the management of the Association by a professional, and certified or accredited management company without the vote of: (a) Declarant, so long as Declarant owns any Residential Lot within the Property; and (b) a vote in accordance with Section 12.9 (Self-Management); provided, however, that nothing contained in this Section 3.5.2 shall be deemed to prohibit or restrict the Board from changing professional management companies from one professional management company to another. If the Association decides to change professional management companies from one professional management company to another, then any replacement manager shall have at least five (5) years' experience in the management of similar communities and shall have earned accreditation or certification from a professional association management organization.

3.6 Indemnification of Management Parties. No volunteer officer or volunteer director of the Board, or of any committee of the Association, or any officer of the Association, or any manager, or Declarant, or any agent or employee or consultant of Declarant (each a "Management Party"), shall be personally liable to any Owner or to any other party, including the Association, for any act or omission of any Management Party if such Person has, on the basis of such information as was actually possessed by him or her, acted in good faith without willful, wanton or gross misconduct when performing an act within the scope of the Person's duties (collectively, an "Official Act"). The Association has the power and duty to indemnify, defend, protect and hold harmless each Management Party for all damages and expenses incurred (including, without limitation, reasonable attorney's fees and costs), and to satisfy any judgment or fine levied as a result of any action or threatened action brought because of an act or omission which such Person reasonably believed was an Official Act. Management Parties are deemed to be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section. The entitlement to indemnification under this Declaration inures to the benefit of the successors-in-interest of any Person entitled to such indemnification. The Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Association for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act. The Association also has the power, but not the duty, to contract with any person to provide indemnification in addition to any indemnification authorized by Applicable Laws on such terms and subject to such conditions as the Association may impose.

3.7 Additional Provisions. Certain laws apply to the operation of the Association and the Property by the Association, including, without limitation, the Davis Stirling Common Interest Development Act of Section 4000, *et seq.*, of the California Civil Code, and the Association shall comply with all Applicable Laws.

ARTICLE 4
MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

The Association will function as a corporate entity with Members who will participate in the governance of the various areas. This Article describes the membership of the Association. This Article also establishes the classes of voting rights. Additional provisions regarding the procedures for elections to and meetings of the Board are set forth in the Bylaws.

4.1 Membership.

4.1.1 Qualifications. Each Owner of a Residential Lot which is subject to Assessment, including Declarant shall be a Member of the Association. Ownership of a Residential Lot shall be the sole qualification for membership in the Association. Each Owner

shall remain a Member of the Association until such Owner's ownership interest in a Residential Lot ceases, at which time such Owner's membership in the Association shall automatically cease. Any reference in this Declaration to a vote of the Members shall refer only to those Members against whose Residential Lot Assessments have commenced unless otherwise specified in the Governing Documents.

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

4.1.3 Approval by Members. Except as otherwise provided in the Governing Documents, all matters requiring the approval of Members shall be deemed approved if: (a) Members holding a majority of the total Voting Power consent to them in writing as provided in the Bylaws; or (b) such matters are approved by a majority vote of a quorum of Members at any regular or special meeting held in accordance with the Bylaws.

4.1.4 Transfer of Membership. The Association membership of each Owner shall be appurtenant to each such Residential Lot, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except on a transfer of title to each such Residential Lot or interest in it and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Residential Lot or interest in it shall operate automatically to transfer the appurtenant membership right in the Association to the new Owner.

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

4.2 Number of Votes. The Association shall have two (2) classes of voting membership as described below. The voting rights described in Sections 4.2.1 and 4.2.2 shall constitute the Voting Power of the Association:

4.2.1 Class A Members. Class A Members shall be all Owners, with the exception of Declarant (until the conversion of Declarant's Class B membership to a Class A membership as provided in Section 4.2.2), and shall be entitled to one (1) vote for each Residential Lot owned. When more than one (1) Person holds an interest in any Residential Lot, all such Persons shall be Members. The vote for such Residential Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to such Residential Lot.

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

(a) The second anniversary of the first close of escrow for conveyance of a Residential Lot to a First Purchaser in a Phase covered by the most recently issued Public Report for any Phase of the Community; or

(b) The fourth anniversary of the first conveyance of a Residential Lot to a First Purchaser covered by the original Public Report for the first Phase of the Community.

As long as Class B membership exists, no action by the Association that must have the prior approval of the Members shall be deemed approved by the Members unless approved by the appropriate percentage of Class A and Class B Members, except as otherwise set forth in this Declaration. Upon conversion to a single Class A voting membership, any action by the Association that must have the prior approval of the Members will require approval by at least a majority of the Voting Power.

4.3 Declarant's Right to Select Director. In any election of Directors after the Class B membership has been terminated, so long as Declarant owns any of the Property, the Board shall adopt special procedures to ensure that at least one (1) Director is selected by Declarant. A representative to the Board selected by Declarant pursuant to the provisions of this Section may be removed prior to the expiration of his or her term of office only with the consent of Declarant.

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

ARTICLE 5
ASSESSMENTS

The Association will levy and collect various types of assessments to provide it with the funds it needs to perform its duties and obligations under this Declaration and the Governing Documents and for such other purposes as provided in this Article. This Article describes the Assessments which can be levied by the Association, the procedures for collection of such Assessments, and the rights and remedies if such Assessments are not paid when due.

5.1 Creation of Lien and Personal Obligation for Assessments. Declarant, for each Residential Lot owned within the Property, hereby covenants, and each Owner of a Residential Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association all Assessments levied pursuant to the provisions of this Declaration. All Assessments levied hereunder, together with Additional Charges, shall be a charge on the land and shall be a continuing lien upon the Residential Lot of such Owner against which each such Assessment is made, the lien to be effective upon recordation of a Notice of Delinquent Assessment (defined below). Each such Assessment, together with Additional Charges, shall also be the personal obligation of the Person who was the Owner of such Residential Lot at the time when the Assessment fell due and shall bind its heirs, devisees, personal representatives and assigns. Unlike the lien for non-delinquent Assessments, the personal obligation for delinquent Assessments shall not pass to successive Owners, unless expressly assumed by such successive Owner. No such assumption of personal liability by a successor Owner shall relieve any Owner against whose Residential Lot the lien was levied from personal liability for delinquent Assessments. If more than one Person is the Owner of a

Residential Lot, the personal obligation to pay such Assessment or installment respecting such Residential Lot shall be both joint and several.

5.2 Funds Held in Trust. The Assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely for the operation, care and maintenance of the Community. Upon the sale or transfer of any Residential Lot, the Owner's interest in the funds shall be deemed automatically transferred to the successor in interest of such Owner. A general operating fund shall be established for current expenses of the Association.

5.3 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to perform the obligations and duties of the Association, including, without limitation, the improvement and maintenance of the Association Property, and Association Maintenance Areas and for any other maintenance responsibilities of the Association, and to reimburse the Association for the costs incurred in bringing an Owner into compliance with the Governing Documents. The Association shall not impose or collect any Assessment, penalty or fee that exceeds the amount necessary for the purpose or purposes for which it is levied. If the Association decides to use or transfer reserve funds to pay for litigation, the Association must provide general notice to its Members of the decision in accordance with California Civil Code Sections 4045 and 5520. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the reserve funds will be replaced, and a proposed budget for the litigation. The notice must state that the Members have a right to review an accounting for the litigation as provided in California Civil Code Section 5520 which will be available at the Association's office. The accounting shall be updated monthly.

5.4 Regular Assessments.

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

5.4.2 Budgeting. Each fiscal year the Association shall prepare, approve and make available to each Member a Budget as described in the Bylaws not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Fiscal Year or as otherwise required by Applicable Laws.

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

5.4.4 Reallocation of Assessments. After conveyance of the first Residential Lot in a Phase to a First Purchaser, the Assessments shall be reallocated among all Residential Lots in the same manner as described above.

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

5.5 Special Assessments. If the Association determines at any time that the estimated total amount of funds necessary to fund the Common Expenses of the Association for a given Fiscal Year is or will become inadequate to meet expenses for any reason, including, without limitation, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on, damage and destruction or condemnation of the Association Property, Association Maintenance Areas or any other areas which the Association is obligated to maintain, the Board shall determine the approximate amount necessary to defray such expenses, and may levy a special assessment ("Special Assessment"). Special Assessments shall be subject to the limitations set forth in Section 5.8; provided, however, that such limitation shall not apply to Special Assessments levied by the Board to replenish the Association's reserve account as provided in the Article of the Bylaws entitled "Association's Accounts." The Board may, in its discretion, prorate such Special Assessment over the remaining months of the Fiscal Year or levy the Assessment immediately against each Residential Lot as to which Assessments have commenced. The Association must comply with California Civil Code Section 5610.

5.6 Capital Improvement Assessment. In addition to any other Assessments provided for hereunder, the Association may levy a capital improvement assessment for the purpose of defraying, in whole or in part, the cost of any construction or replacement of a capital improvement ("Capital Improvement Assessment"). Capital Improvement Assessments shall be due and payable by all Owners in such installments and during such period or periods as the Board shall designate. Capital Improvement Assessments shall be subject to the limitations set forth in Section 5.8.

5.7 Compliance Assessments. The Association may levy an assessment ("Compliance Assessment") against any Owner for bringing the Owner or the Owner's Residential Lot into compliance with the provisions of the Governing Documents and/or any other charge designated a Compliance Assessment in the Governing Documents, together with any Additional Charges. The Association shall have the authority to adopt a reasonable schedule of Compliance Assessments for any violation of the Governing Documents. If, after Notice and Hearing which satisfies California Corporations Code Section 7341 and California Civil Code Section 5855, the Owner fails to cure or continues such violation, the Association may impose an additional fine each time the violation is repeated and may assess such Owner and enforce the Compliance Assessment as herein provided for nonpayment of an Assessment. A hearing committee may be established by the Association to administer the foregoing. A Compliance Assessment imposed by the Association as a means to reimburse the Association for costs incurred by the Association in the repair of damage to Association Property and facilities caused by a Member or a Member's Invitee may become a lien against the Member's Residential Lot enforceable by the sale of the interest under Sections 2924, 2924b and 2924c. Notwithstanding any other provision in this Declaration to the contrary, except as provided in Section 5.13, Compliance Assessments imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents are Assessments but they may not become a lien against the Owner's

Residential Lot that is enforceable by a power of sale under California Civil Code Sections 2924, 2924b and 2924c; provided, however, that this restriction on Compliance Assessment liens imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents does not apply to late payments.

5.8 Changes to Assessments.

5.8.1 Limitation on Assessments. From and after January 1st of the year immediately following the conveyance of the first Residential Lot to a First Purchaser, the annual Regular Assessment may not, except in the case of an Emergency, be increased by an amount greater than twenty percent (20%) of the Regular Assessments for the preceding Fiscal Year, and Special Assessments and Capital Improvement Assessments shall not be imposed that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year, without the consent of the Members, constituting a quorum and casting a majority of the votes at a meeting or election of the Association conducted in accordance with the provisions of: (a) California Civil Code Section 5100, *et seq.* and the rules adopted by the Board pursuant thereto; and (b) California Corporations Code Sections 7510, *et seq.* and 7613. The Board may not increase the Regular Assessments for any Fiscal Year unless it has complied with California Civil Code Section 5605. For the purpose of this Section, a quorum shall mean more than fifty percent (50%) of the Members of the Association, pursuant to California Civil Code Section 4070, and an Emergency shall mean any one of the following:

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

(b) An extraordinary expense necessary to repair or maintain the Association Property, Association Maintenance Areas, or other portions of the Community that the Association is obligated to maintain where a threat to personal safety is discovered; or

(c) An extraordinary expense necessary to repair or maintain the Association Property, Association Maintenance Areas, or other portion of the Community that the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the Budget required under this Declaration and the Bylaws and California Civil Code Section 5300.

5.8.2 Calculation of Percentage Increase in Regular Assessments. For the purpose of calculating whether an increase to Regular Assessments exceeds twenty percent (20%), the term "Regular Assessments" shall be deemed to include the amount assessed against each Residential Lot as a Regular Assessment plus any amount paid by Declarant as a subsidy pursuant to any subsidy agreements, to the extent such subsidy payments offset any amount which would otherwise be paid by Owners as Regular Assessments. Any increases authorized under this Section shall not be imposed unless the Board has complied with the budgetary requirements set forth in the Article of the Bylaws with respect to the Fiscal Year for which an Assessment is being levied.

5.9 Allocation of Assessments to Residential Lots. The Assessments shall be allocated as set forth below.

5.9.1 Regular Assessments. Regular Assessments shall be fixed at a uniform rate for all Residential Lots and may be collected on a monthly basis and shall be determined by dividing the amount of the Assessment by the total number of Residential Lots then within the Community and subject to assessment.

5.9.2 Other Community Assessments. Special Assessments and Capital Improvement Assessments shall be allocated in the same manner as Regular Assessments. Compliance Assessments shall be levied directly to the individual Residential Lots in a manner consistent with the provisions of Section 5.7.

5.10 Date of Commencement of Regular Assessments. The Regular Assessments shall commence as to all Residential Lots in a Phase subject to this Declaration on the first day of the month following the conveyance of the first Residential Lot in that Phase to First Purchaser.

5.10.1 Model Homes. In no event shall any sale or leaseback to Declarant of any Residential Lot being used as a model home, sales office, design center, construction office or similar purpose ("Model Home") and which is not occupied as a residence cause the commencement of Assessments if Assessments have not otherwise commenced through a conveyance of a Residential Lot in the Phase to an Owner who will occupy the Residence within such Residential Lot. Declarant shall be responsible to insure and maintain all portions of the Phase in which the Model Home is located until the date Regular Assessments commence against the Residential Lot being used as a Model Home.

5.11 Notice and Assessment Due Dates. The Association shall provide notice by first class mail to each Owner (pursuant to California Civil Code Section 4040) of an increase in the Regular Assessment and notice of any Special Assessment or Capital Improvement Assessment (or increase therein) not less than thirty (30) days nor more than sixty (60) days prior to the increased Regular Assessment or the Special Assessment or Capital Improvement Assessment becoming due. The due dates for the payment of Regular Assessments normally shall be the first day of each month unless some other due date is established by the Association. The due date for Special Assessments or Capital Improvement Assessments shall be specified in the notice provided by the Association and if such Special Assessments or Capital Improvement Assessments are payable in installments, such installments normally shall be due the first day of each month unless some other due date is established by the Association. Each installment of Regular Assessments, Special Assessments and Capital Improvement Assessments shall become delinquent if not paid within fifteen (15) days after its due date. Additional Charges shall accrue with each delinquent installment but shall not, in any event, exceed the maximum rates permitted under California Civil Code Section 5600, *et seq.*

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

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

(b) A late charge in an amount to be fixed by the Association in accordance with California Civil Code Section 5650 to compensate the Association for additional collection costs incurred in the event any Assessment or other sum is not paid when due or within any "grace" period established by Applicable Laws;

(c) Costs of suit and court costs incurred as are allowed by the court;

(d) Interest at the Applicable Rate; and

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

5.12 Estoppel Certificate. On not less than ten (10) days' prior written request, the Association shall execute, acknowledge and deliver to the party making such request a statement in writing stating both of the following: (a) whether or not, to the knowledge of the Association, a particular Owner is in default in connection with the payment of Assessments as to such Owner's Residential Lot; and (b) the dates to which installments of Assessments, have been paid as to such Residential Lot. Any such statement may be relied on by any prospective purchaser or Mortgagee of the Residential Lot, but reliance on such statement may not extend to any default not involving the payment of Assessments of which the signer had no actual knowledge.

5.13 Collection of Assessments; Liens.

5.13.1 Right to Enforce. The right to collect and enforce Assessments is vested in the Board acting for and on behalf of the Association. The Board may enforce the obligations of the Owners to pay Assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity, or the Board may foreclose by judicial proceedings or through the exercise of the power of sale pursuant to Section 5.13.5 enforce the lien rights created. Suit to recover a money judgment for unpaid Assessments together with all other Additional Charges shall be maintainable without foreclosing or waiving the lien rights. Notwithstanding anything else to the contrary herein, a monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents or in bringing the Member and its Residential Lot into compliance with the Governing Documents may not be characterized nor treated as an Assessment that may become a lien against the Member's Residential Lot enforceable by a sale of the interest hereunder. The limitation in the preceding sentence however, does not apply to any Additional Charges.

5.13.2 Notice of Assessments and Foreclosure. The Association shall distribute a written notice regarding Assessments and foreclosure as set forth in California Civil Code Section 5730 during the sixty (60) day period immediately preceding the beginning of the Association's Fiscal Year.

5.13.3 Delinquent Assessments. In collecting delinquent Assessments, the Association shall comply with the requirements of California law, including, without limitation, California Civil Code Section 5650. As of the date of this Declaration, such laws require that, among other things, before the Association records a lien against the Owner's Residential Lot, the Association shall: (a) notify the delinquent Owner of certain matters; and (b) offer and, if requested by the Owner, participate in, dispute resolution procedures pursuant to the Association's "meet and confer" program required by California Civil Code Sections 5900 through 5920.

5.13.4 Assignment. The Association may not voluntarily assign or pledge the Association's right to collect payments or Assessments, or to enforce or foreclose a lien to a third party except where provided under California Civil Code Section 5735.

5.13.5 Notice of Default; Foreclosure. The Association can record a notice of default and, subject to the requirements and limitations of California Civil Code Section 5700, *et seq.*, can cause the Residential Lot with respect to which a notice of default has been recorded

to be sold either in the same manner as a sale is conducted under California Civil Code Sections 2924, 2924b and 2924c or through judicial foreclosure and as provided in California Civil Code Section 5700, *et seq.* However, as a condition precedent to the holding of any such sale under Section 2924c, appropriate publication shall be made. In connection with any such sale, the Board is authorized to appoint a trustee for purposes of conducting the sale. If a delinquency is cured before sale of the Residential Lot or before completing a judicial foreclosure, or if it is determined that a lien previously recorded against a Residential Lot was recorded in error, the Board shall apply payments and follow the procedures set forth in California Civil Code Section 5685. On becoming delinquent in the payment of any Assessment or installment, each delinquent Owner shall be deemed to have absolutely assigned all rent, issues and profits of its Residential Lot to the Association and shall further be deemed to have consented to the appointment of a receiver (which appointment may, at the election of the Association, be enforced by the Association through specific performance). The Association, acting on behalf of the Owners, shall have the power to bid upon the Residential Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the Residential Lot and vote as an Owner of the Residential Lot.

5.13.6 Creation of Lien. If there is a delinquency in the payment of any Assessment (other than a Compliance Assessment), any amounts that are delinquent, together with any Additional Charges, shall be a lien against the defaulting Owner's Residential Lot upon the recordation in the Official Records of a notice of delinquent assessment ("Notice of Delinquent Assessment") as provided in California Civil Code Section 5675. After its recordation, the Notice of Delinquent Assessment shall be mailed to all Owners of record for the Residential Lot for which the lien is being filed as provided in California Civil Code Section 5675.

5.13.7 Payment of Assessments. Any payments of sums due under this Article shall first be applied to Assessments owed, and only after Assessments owed have been paid in full shall the payments be applied to the Additional Charges. If an Owner requests a receipt after payment of a delinquent Assessment, the Association shall provide a receipt which sets forth the date of payment and the individual who received such payment.

5.14 Additional Charges. In addition to any other amounts due or any other relief or remedy obtained against an Owner who is delinquent in the payment of any assessments, each Owner agrees to pay Additional Charges incurred or levied by the Association including such additional costs, fees, charges and expenditures as the Association may incur or levy in the process of collecting from that Owner monies due and delinquent subject to California Civil Code Section 5650, *et seq.*

5.15 Waiver of Exemptions. Each Owner, to the extent permitted by Applicable Laws, waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption laws of California in effect at the time any Assessment or installment becomes delinquent or any lien is imposed.

5.16 Subordination of Lien to First Mortgages. When a Notice of Delinquent Assessment has been recorded, such Assessment shall constitute a lien on such delinquent Owner's Residential Lot prior and be superior to all other liens, except: (a) all taxes; (b) bonds; (c) assessments and other levies that, by law, would be superior thereto; and (d) any First Mortgage now or hereafter placed upon any Residential Lot subject to Assessment. The sale or transfer of any Residential Lot pursuant to judicial or nonjudicial foreclosure (excluding a transfer by a deed in lieu of foreclosure) of a First Mortgage shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve

such Residential Lot from any Assessments thereafter becoming due or from the lien of any subsequent Assessment. Where the Mortgagee of a First Mortgage or other purchaser of a Residential Lot obtains title to the same as a result of foreclosure (excluding a transfer by a deed in lieu of foreclosure), such acquiror of title, and his or her successors and assigns, shall not be liable for the share of the Common Expenses or Assessments chargeable to such Residential Lot that became due prior to the acquisition of title to such Residential Lot by such acquiror, except for a share of such charges or Assessments resulting from a reallocation of such charges or Assessments that are made against all Residential Lots.

5.17 No Offsets. All Assessments shall be payable in the amounts specified by the particular Assessment, and no offsets against such amounts shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance, operation or enforcement.

5.18 Personal Liability of Owner. No Owner may exempt himself or herself from personal liability for Assessments, nor any part thereof, levied by the Association, nor release the Residential Lots owned by him or her from the liens and charges hereof by waiver of the use and enjoyment of the Association Property and facilities thereof, or by abandonment of such Owner's Residential Lots.

5.19 Transfer of Residential Lots. After transfer or sale of a Residential Lot, the selling Owner(s) shall not be liable for any Assessment levied on such Residential Lot after the date of transfer of ownership and written notice of such transfer is delivered to the Association. The selling Owner shall remain responsible for all Assessments and charges levied on his or her Residential Lot prior to any such transfer.

5.20 Failure to Fix Assessments. The omission by the Board to fix the Assessments hereunder before the expiration of any Fiscal Year for that or the next year shall not be deemed either a waiver or modification in any respect of the provisions of this Declaration or a release of the Owner from the obligation to pay the Assessments or any installment thereof for that or any subsequent Fiscal Year, but the Assessment fixed for the preceding Fiscal Year shall continue until a new Assessment is fixed.

5.21 Property Exempt From Assessments. The Association Property shall be exempt from the Assessments, charges and liens created herein.

5.22 Uncompleted Facilities. Although no land or Improvements devoted to dwelling use in the Community shall be exempt from Assessment, the Board may, but shall have no obligation to, exclude from the Regular Assessments those portions of budgeted Common Expenses that are for the purpose of defraying expenses and reserves directly attributable to the existence of Improvements to be maintained by the Association that are not complete at the time of the Assessment. Any such exemption from the payment of Assessment shall be in effect only until the earlier to occur of the following: (a) a notice of completion for the subject Association Property has been recorded; or (b) the Association Property has been placed into use.

5.23 Association Property Improvements. If the Improvements to be installed by Declarant on the Association Property in a Phase have not been completed prior to the issuance by the DRE of a Final Subdivision Public Report covering the Phase, and in the further event that the Association is the obligee under a bond to secure performance by Declarant to complete such Improvements, then if such Improvements have not been completed and a notice of completion filed within sixty (60) days after the completion date specified in the planned construction

statement appended to the bond, the Board shall consider and vote upon the question of whether or not to bring action to enforce the obligations under the bond. If the Association has given an extension in writing for the completion of any such Improvement, then the Board shall consider and vote on said question if such Improvements have not been completed and a notice of completion filed within thirty (30) days after the expiration of the extension period. In the event that the Board determines not to take action to enforce the obligations secured by the bond or does not vote on the question as above provided, then, in either such event, upon petition signed by Members representing five percent (5%) or more of the Voting Power of the Association, excluding the Voting Power of Declarant, the Board shall call a special meeting of the Members of the Association to consider the question of overriding the decision of the Board or of requiring the Board to take action on the question of enforcing the obligations secured by the bond. Said meeting of Members shall be held not less than thirty-five (35) days nor more than forty-five (45) days following receipt of the petition. At said meeting, a vote of a majority of the Voting Power of Members of the Association, excluding the vote of 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 the decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE 6
USE RESTRICTIONS

This Article sets forth restrictions on the use of the Property. The restrictions contained in this Article will likely have the greatest impact on day to day living in the Community. Each Owner shall comply and cause its Occupants and Invitees to comply with the restrictions set forth in this Article.

6.1 Residential Use. Residential Lots shall be used for residential purposes only, provided, however, that any Residential Lot may be used incidentally for the purpose of operating a home based small business if, and only if: (a) the business is operated solely within the Residence; (b) the business is limited to arts and crafts, the rendition of professional services, or other similar entities; (c) the business is operated by the Owner whose principal residence is the Residential Lot, by a Lessee whose principal residence is the Residential Lot or by a member of such Owner's or Lessee's family whose principal residence is the Residential Lot; (d) there is no sales activity conducted within the Association Property, no customers visiting the Residential Lot and no advertising anywhere in the Community; (e) the operation is permitted by and is at all times in compliance with Applicable Laws; and (f) the operation of the business does not result in the: (i) violation of any of the other provisions of this Declaration; (ii) any unreasonable increase in the flow of traffic within the Community; (iii) any unreasonable odor, noise, or vibration outside of the Residential Lot; (iv) any parking problems within the Community; or (v) any other adverse conditions to the Occupants of the individual Residential Lots. Notwithstanding the foregoing, nothing contained herein shall be deemed to prohibit any home based business specifically required to be allowed by Applicable Law.

6.2 Commercial Use. Except as otherwise provided in this Declaration, including without limitation Section 6.1, no part of the Community shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purpose.

6.3 Rental of Residential Lot. An Owner shall be entitled to rent his or her Residential Lot or an ADU constructed within the Residential Lot that has been approved by the County and the Association subject to the restrictions contained in the Governing Documents, any contractual

agreement between Declarant and each original Owner for such Owner's Residential Lot as to such parties, any other restrictions of record applicable to such Owner's Residential Lot and all Applicable Laws. Any rental or lease agreement shall: (a) be in writing; (b) provide that the lease is subject to the Governing Documents; and (c) provide that any failure to comply with any provisions of the Governing Documents shall be a default under the terms of the rental or lease agreement. A copy of the rental or lease agreement shall, upon request, be provided to the Association. Owners shall, at all times, be responsible for their Lessee's compliance with the Governing Documents. A Lessee shall have no obligation to the Association to pay Assessments nor shall any Lessee have any voting rights in the Association. Except as required to be permitted under Applicable Laws, no Owner may lease any portion of such Owner's Residential Lot unless such Owner also occupies the Residential Lot. No Owner may lease all or any portion of such Owner's Residential Lot for hotel, motel or transient purposes. For purposes of this restriction, any lease which is either for a period of fewer than thirty (30) days or pursuant to which the lessor provides any services normally associated with a hotel shall be deemed to be for transient or hotel purposes and shall be prohibited. Notwithstanding the foregoing, if there are any FHA or VA insured loans affecting a Residential Lot, any restrictions in this Declaration on renting or leasing that violate any FHA or VA requirements related to renting or leasing shall not apply to such Residential Lots.

6.4 Further Subdivision. Except as otherwise provided in this Declaration, no Owner may further partition or subdivide the Owner's Residential Lot, including, without limitation, any division of such Owner's Residential Lot into time-share estates or time-share uses. This provision does not limit the right of an Owner to: (a) rent or lease the entire Residential Lot (or a portion of the Residential Lot in accordance with Section 6.3 above) by means of a written lease or rental agreement subject to the Governing Documents; (b) rent or lease an ADU within the Residential Lot by means of a written lease or rental agreement subject to the Governing Documents, provided the ADU has been approved by the County and the Association; (c) sell such Owner's Residential Lot; or (d) transfer or sell any Residential Lot 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.

6.5 Time Sharing. A Residential Lot may not be divided or conveyed on a time increment basis (commonly referred to as "time sharing") of measurable chronological periods. The term "time sharing" as used herein shall include, but shall not be limited to, any agreement, plan, program or arrangement under which the right to use, occupy or possess the Residential Lot, Residential Lots or any portion thereof in the Community rotates among various persons, either corporate partnership, individual or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like-kind use privileges, according to a fixed or floating interval or period of time sixty (60) consecutive calendar days or less.

6.6 Animals. Only domestic animals that are kept as household pets and are not kept, bred or raised for commercial purposes are permitted to be maintained within the Community. In no event shall poultry, livestock or other farm animals (including, without limitation, goats, pigs and chickens) be kept within the Community. No Owner shall keep more than a total of two (2) dogs or two (2) domestic cats, or a combination thereof (but not to exceed two (2) total) within such Owner's Residential Lot, or the maximum capacity allowed by the County, whichever is more stringent. Domestic reptiles, birds, rodents and fish shall be permitted in reasonable numbers so long as such animals are kept in the interior of a Residence. If an Owner keeps any birds, the birds shall not be heard outside of the Residence. No animal shall be permitted to be maintained, at any time, within any recreational areas situated within the Community. Nothing contained herein shall restrict the keeping of fish in an aquarium or fish in an exterior pond or pool (such as koi) so long as the approvals for the installation of such pond have been obtained under Article 8

(Design Review). Notwithstanding the foregoing, the Association Rules may further limit or restrict the keeping of pets and the Board shall have the power to prohibit the keeping or maintenance of any animal, which, in the opinion of the Board, after Notice and Hearing, is deemed by the Board to constitute a nuisance to any other Owner or Occupant or which constitutes a threat to personal safety in the sole and absolute opinion of the Board. Each person bringing or keeping a pet within the Community shall be absolutely liable to other Owners and their Invitees for any damage to persons or property caused by such pet. Each Owner shall clean up after such animals that have deposited droppings or otherwise used any portion of the Community. Dogs belonging to Owners or Invitees must be kept within an enclosure or on a leash held by a person capable of controlling the animal when outside the Residential Lot. Nothing contained herein shall constitute a restriction on service animals. The Board has the power and discretion to determine whether the types or numbers of any animals kept in a Residence are a nuisance, and the Board shall have the power to abate the nuisance through any legal procedure that is available to the Association.

6.7 Antenna Restrictions. No Owner shall install any antenna, satellite dish, or other over-the-air receiving device ("Antenna"): (a) on any real property which such Owner is not entitled to exclusively use or control, as provided in Title 47 U.S.C. §§ 1 *et seq.*, 47 CFR § 1.4000 and any other Applicable Laws promulgated thereunder (collectively "Antenna Laws"); (b) in a particular location if, in the Board's opinion, the installation, location or maintenance of such Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Board; or (c) that is of a size larger than is permitted under the Antenna Laws. If an Owner is entitled to install an Antenna under the foregoing requirements, such Owner shall provide the Board with written notice that such Owner intends to install the Antenna and provides evidence of compliance with the foregoing requirements. If an Owner desires to install an Antenna, other than as described above, such Owner may do so only upon the prior approval of the Board pursuant to Article 8. The Association shall not impose or enforce any restrictions upon Antennae that are inconsistent with the Antenna Laws. Notwithstanding any provision hereof, this Section shall be interpreted to comply with state and federal laws applicable to antennas in effect at the time of enforcement of this Section. In that regard, this Section shall not be interpreted or enforced in a manner which would: (a) unreasonably delay or prevent installation, maintenance or use of such Authorized Antenna; (b) unreasonably increase the cost of installation, maintenance or use; or (c) preclude reception of an acceptable quality signal.

6.8 Temporary Structures. No trailer, mobile home, tent, shack or other outbuildings shall be kept upon any Residential Lot, the Association Property or in any street within the Property, except in connection with work or construction diligently pursued or except for: (a) any tents or temporary structures associated with any events sponsored by or authorized by the Association; and (b) storage sheds which conform to the Design Guidelines. Nothing contained in this Section 6.8 shall be interpreted to prohibit an ADU to the extent required to be permitted by Applicable Laws and provided such ADU has been approved by the County and the Association.

6.9 No Hazardous Activities. No activities shall be conducted on any portion of the Property and no Improvements shall be constructed within the Property that are unsafe or hazardous to any person or property.

6.10 Signs. Subject to California Civil Code Sections 712, 713, and 4710, no sign, poster, billboard, balloon, advertising device or other display of any kind shall be displayed in the Property or on any public street abutting the Property, except for the following signs:

6.10.1 Association and Community Signs. Entry monuments, wayfinding signs, Property identification signs, management company signs and traffic or parking control signs installed by Declarant and maintained by the Association;

6.10.2 Name or Address Signs. Each Residence may have one (1) nameplate or similar Owner name or address identification sign which complies with the Design Guidelines;

6.10.3 Security Services Signs. Each Residence may have one (1) sign advising of the existence of security services which complies with the Design Guidelines;

6.10.4 For Sale and Lease Signs. Each Residence may have one (1) sign advertising the Residence for sale or lease that complies with the following requirements: (a) the sign has reasonable design and dimensions (which shall not exceed a total dimension of eighteen (18) inches by thirty (30) inches in size), consist of a single panel with no additional signs affixed to it, and does not adversely affect public safety, including traffic safety; and (b) the sign is of a color, style and location authorized by the Design Review Committee;

6.10.5 Noncommercial Signs. Each Owner may install a noncommercial sign, poster, flag or banner on the Owner's Residential Lot that complies with the following requirements: (a) a noncommercial sign or poster may not be more than nine (9) square feet in size and a noncommercial flag or banner may 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. The Board has the power, but not the duty, to impose reasonable limits on the duration of display of noncommercial signs, consistent with current law and decisions interpreting restrictions on time, place and manner of noncommercial speech. Notwithstanding anything to the contrary in the Governing Documents, 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, on and over the Owner's Residential Lot; and

6.10.6 Other Signs. Each Owner may post such other signs or displays in the Owner's yard, if authorized by the Design Review Committee and if they comply with the Governmental Regulations.

6.11 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 the Association Rules, and shall be removed as and when required by the Association Rules.

6.12 Parking and Vehicular Restrictions.

6.12.1 Authorized Vehicles. The following vehicles are "Authorized Vehicles": standard passenger vehicles, including automobiles, passenger vans designed to accommodate ten (10) or fewer people, motorcycles and pickup trucks. Authorized Vehicles may be parked in any portion of the Community intended for parking of motorized vehicles subject to this Section; provided, however, no Owner may park an Authorized Vehicle in a manner which the Association determines either restricts the passage of pedestrians or vehicles over the streets, driveways or sidewalks in the Community or extends beyond the limits of the space where the Authorized Vehicle is parked. The Association has the power to identify additional vehicles as Authorized Vehicles in the Association Rules and to adapt this restriction to other types of vehicles; the

Association also has the right, but not the obligation, to grant exemptions for vehicles that are the principle source of transportation for an Owner.

6.12.2 Prohibited Vehicles. The following vehicles are "Prohibited Vehicles": (a) recreational vehicles (e.g., motorhomes, travel trailers, camper vans and boats); (b) commercial-type vehicles (e.g., stakebed trucks, tank trucks, dump trucks, step vans, concrete trucks and limousines); (c) buses or vans designed to accommodate more than ten (10) people; (d) vehicles having more than two (2) axles; (e) trailers; (f) inoperable vehicles or parts of vehicles; (g) aircraft; (h) any vehicles or vehicular equipment deemed a nuisance by the Board; and (i) any other vehicles not classified as an Authorized Vehicle. Prohibited Vehicles may not be parked, stored or kept within the Property, including the Private Streets. except for brief periods for loading, unloading, making deliveries or emergency repairs. If a vehicle qualifies as both an Authorized Vehicle and a Prohibited Vehicle, then the vehicle is presumed to be a Prohibited Vehicle unless the vehicle is expressly classified as an Authorized Vehicle in writing by the Association.

6.12.3 General Restrictions. Subject to the restriction on Prohibited Vehicles, all vehicles owned or operated by or under the control of an Owner or an Occupant of a Residential Lot and kept in the Property must be parked in the garage of that Owner to the extent of the space available, as provided in Section 6.12.6 (Garages). Unless otherwise permitted by the Association, no Owner shall leave his or her vehicle parked within the Community other than within a garage or, within the driveway of such Owner if the Owner or Occupant has more automobiles than will be accommodated within the garage. In no event shall the driveway area be used for vehicle storage and the Authorized Vehicles shall not be parked in a manner which causes the Authorized Vehicle to extend into the streets or onto any sidewalk. No maintenance (except for emergency maintenance), washing of the exterior of a vehicle or restoration of any vehicle may be conducted anywhere on the Property, even in any enclosed garage.

6.12.4 Parking Regulations. The Association may establish additional regulations regarding any parking areas not assigned to individual Residences, including designating "parking," "guest parking," and "no parking" areas. Any vehicle parked within a fire lane may be towed without prior notice. The Board may take all actions necessary to enforce all parking and vehicle use regulations for the Property including removing violating vehicles from the Property pursuant to California Vehicle Code Section 22658.2 or other Applicable Law. Notwithstanding the foregoing, certain streets providing access to the Community are public streets which are owned, maintained and operated by the County. This Declaration does not encumber such public streets, nor does the Association have the right to regulate the public streets providing access to the Community.

6.12.5 Repairs. No major repairs to any vehicle of any kind whatsoever shall be conducted within the Property, except for emergency repairs thereto and then only to the extent necessary to enable the vehicle to be moved to a proper repair facility.

6.12.6 Garages. Parking spaces in the garages shall be used as the primary parking space for automobiles. No garage space shall be used for non-parking activities (including storage of motorcycles and bicycles) if it will result in the Owner or Occupant using the driveway or open parking space instead of the garage. Except for conversion by Declarant prior to the conveyance of a Residential Lot by Declarant, garages shall be used for parking vehicles only and shall not be converted for living, recreational activities, business or storage that would prevent the ability of an Owner or Occupant to park the number of vehicles in the garage for which the garage was designed. It is the intent of this Section to require an Owner and the Owner's

Occupants, to the extent such Owner or Owner's Occupant has automobiles in the Property, to park such automobiles in the garage, and in the appropriate length driveway as a secondary location. Garage doors shall remain closed except for reasonable periods while the garage are being used. All garages shall be equipped with roll-up garage doors and functioning garage door opener. If California law precludes the Association from prohibiting or unreasonably restricting the construction of ADU's, this Section 6.12.6 is subject to the right of an Owner to convert all or a portion of the garage to an ADU, provided that that ADU has been approved by the County and the Association and complies with all Applicable Laws and Governing Documents.

6.13 Installations.

6.13.1 Generally. This Section does not apply to Improvements installed by Declarant or (with the prior consent of Declarant).

6.13.2 Outside Installations. Unless approved by the County, if County approval is required by Applicable Laws or the Community Entitlements, and the Association pursuant to Article 8 the following items are prohibited: (a) outside installations, including balcony, patio or deck covers, wiring, air conditioning equipment, water softeners, other machines and other Improvements; (b) Improvements to deck or balcony railings; and (c) other exterior additions or alterations to any Residential Lots. In addition to the foregoing restrictions, patio covers shall be permitted only if such patio covers are consistent with the architecture of the Residence originally constructed by Declarant and are in compliance with the Design Guidelines, the Fire Suppression Requirements and the Governing Documents.

6.13.3 Sports Apparatus. No basketball standards or other fixed sports apparatus shall be constructed or attached to any Residence except as approved pursuant to Article 8. Portable basketball apparatus shall be permitted so long as such apparatus is in conformance with the Association Rules.

6.13.4 Exterior Lighting. Any exterior electrical, gas or other artificial lighting installed on any Residence shall be positioned, screened, or otherwise directed or situated and of such controlled focus and intensity so as to fall on the same Residential Lot on which such lighting is located. Further rules regarding exterior lighting may be promulgated by the Board.

6.13.5 Outside Drying and Laundering. No exterior clothesline shall be erected or maintained within the Community. There shall be no exterior drying or laundering of clothes or any other items, except that backyards may be used for clotheslines or drying racks provided that such laundering apparatuses are not visible at street level from outside of the Residential Lot.

6.13.6 Window Coverings. Temporary window coverings ("Temporary Window Coverings") in a design and color that does not conflict with the surrounding Improvements (but excluding aluminum foil, newspapers, or any other contrasting material) shall be permitted for a maximum period of ninety (90) days from the date that a Residential Lot is conveyed to an Owner by Declarant or such longer period as may be authorized by the Board. Except as specifically provided above, no Temporary Window Coverings shall be used to cover any door or window of any Residence. All window coverings (including Temporary Window Coverings) shall be of a neutral color harmonious with and not in conflict with the color scheme of the exterior wall surface of the Residence.

6.13.7 Fences, Etc. No fences, awnings, ornamental screens, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the Community except those that are installed in accordance with the original construction of the Community or as are authorized and approved in accordance with Article 8. In no event shall any fences, gates or walls installed by Declarant be altered in any way unless such alteration has been approved in accordance with the provisions set forth in Article 8.

6.13.8 Painting. No Owner shall paint the exterior of the Owner's Residence or any other exterior Improvements within a Residential Lot without prior approval in accordance with Article 8, except that no consent shall be required if an Owner repaints the exterior with the same color.

6.13.9 Roof-Mounted Equipment. No mechanical equipment, tank, duct, elevator enclosure, cooling tower, mechanical ventilator or air conditioner shall be erected, constructed, converted, established, altered or enlarged on the roof of any building, unless such equipment has been approved in accordance with Article 8.

6.13.10 Balconies. All furniture within a balcony area shall be maintained in a clean and attractive condition. No Owner shall use any balcony areas for storage purposes, including, without limitation, the storage of bicycles.

6.14 Community Entitlements. Each Owner and the Association shall comply with all applicable requirements and restrictions set forth in the Community Entitlements.

6.15 Mineral Exploration. No portion of the Property shall be used in any manner to explore for or to remove any oil, minerals, natural gas or other hydrocarbons, geothermal heat or substances, water, gravel, earth or any earth substance or other mineral of any kind ("Subsurface Resources"). No well for the production of, or from which there is produced, Subsurface Resources shall be operated within the Community, nor shall any machinery, appliance or structure be placed, operated or maintained thereon for use in connection with any trading, manufacturing or repairing business. Notwithstanding the foregoing, nothing in this Section or anywhere else in this Declaration shall be deemed to prohibit, impair or in any way limit the rights of Declarant or any affiliate of Declarant (or a successor or assign to any rights of Declarant or an affiliate of Declarant to Subsurface Resources) to drill for, explore for, mine and/or remove any Subsurface Resources from any Property within the Community, and Declarant, any affiliate of Declarant, and any successors and assigns to any rights of Declarant or an affiliate of Declarant to the Subsurface Resources shall have such rights, including, without limitation, the right to whipstock or directionally drill and mine from lands other than the Community, wells, tunnels and shafts into, through or across the subsurface of the Property, and to bottom such whip-stocked or directionally drilled wells, tunnels and shafts within or beyond the exterior limits of the Community.

6.16 Nuisances. Nothing shall be done on or within the Community that may be or may become a nuisance to the residents of the Community, or that in any way interferes or may interfere with the quiet enjoyment of Occupants of Residential Lots. Unless otherwise permitted by the Association Rules, no Owner shall serve food or beverages, cook, barbecue, or engage in similar activities, except within such Owner's Residential Lot or areas permitted for such purposes within the Association Property, if any.

6.17 Association Maintenance Areas. Unless approved pursuant to Article 8, each Owner shall be prohibited from: (a) placing, maintaining, constructing or planting any Improvements within on any Association Maintenance Area located within a Residential Lot; (b)

removing, altering or modifying any cluster mailboxes servicing the Community located on such Owner's Residential Lot; or (c) otherwise altering or modifying the Association Maintenance Area in any way. Each Owner shall have the right to access any Association Maintenance Area that exists on such Owner's Residential Lot as may be necessary in connection with the maintenance of such Owner's Residence or other Improvements on such owner's Residential Lot.

6.18 Association Property. After completion of the construction or installation of the Improvements on the Association Property by Declarant, no Improvement, excavation or work which in any way alters the Association Property may be made or done by any Person other than the Association, its authorized agents, Declarant.

6.19 View Impairment. There is no representation that any view exists from any Residence. Each Owner, by accepting a deed to a Residence, acknowledges that grading of, construction on or installation of Improvements, including landscaping, on other Residential Lots within the Property and on surrounding real property may impair whatever view may exist from the Owner's Residence and each Owner consents to such impairment and waives any claim for view impairment. Each Owner and the Association, by accepting a deed to a Residential Lot or any Association Property, acknowledges that any construction or installation by Declarant or by other Owners as provided in Article 8, may impair the view of such Owner, and each Owner and the Association on behalf of the Members hereby consent to such impairment. By accepting a deed to a Residence, each Owner acknowledges that: (a) there are no protected views, and no Residence is assured of the existence, quality or unobstructed continuation of any particular view and Declarant makes no representation or warranty that there are now, or will in the future be, any such views or that any view will impact the view or desirability of any Residence; (b) any view from the Residence is not intended as part of the value of the Residence and is not guaranteed; and (c) any future development, construction, landscaping, growth of trees, or other installation of Improvements by Declarant or other Owners in the Community or of properties surrounding the Community may impair the view from any Residence. There are no express or implied easements appurtenant to any Residential Lot for view purposes or for the passage of light and air over another Residential Lot, or any other property whatsoever.

6.20 Displaying the Flag of the United States. The Board shall comply with California Civil Code Section 4705, by allowing an Owner to display the flag of the United States, as defined by California Government Code Section 434.5(b) within such Owner's Residential Lot, in a location reasonably approved by the Board. For purposes of this Section, "Displaying the flag of the United States" means a flag of the United States made a fabric, cloth or paper display from a staff or pole or in a window and does not mean a depiction or emblem of the flag of the United States made of lights, paint, roofing, siding, paving materials, flora, balloons or any similar building, landscaping or decorative component.

6.21 Drainage. Declarant may have installed one or more below-ground drain lines, surface Improvements such as area drains, earthen or concrete drainage swales or catch basins (each, a "Drainage Improvement") in or on the Residential Lots and/or Association Property. Drainage Improvements are intended to collect and transport surface waters from each Residential Lot and from elsewhere in the Property to proper points of disposal. No Person may block or interfere with the proper function or maintenance of the Drainage Improvements on the Residential Lots. No modification may be made to any Drainage Improvements on the Residential Lot without the prior written consent of the Design Review Committee.

6.21.1 Established Drainage. There shall be no interference with or obstruction of the established surface drainage pattern(s) over any Residential Lot or in the

Property, unless an adequate alternative provision is made for proper drainage, consistent with all Applicable Laws. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time of the first conveyance to a First Purchaser, or as shown on any plan approved by the Design Review Committee. Established drainage includes drainage from and to a Residential Lot and/or Association Property and to and from property lying outside or within the Property.

6.21.2 Control of Surface Waters. Owners must use adequate drainage and irrigation control. The installation or modification of landscaping and the construction or modification of Improvements by Owners must not cause the ponding of water. Owner-installed drainage devices, including, but not limited to, concrete ditches, area drain lines and gutters, should be carefully designed and installed with professional assistance and then maintained in an unobstructed condition. 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, facility or device constructed by Declarant.

6.21.3 Maintenance of Drainage Improvements. Each Owner must maintain, and keep free of debris and obstructions, all Drainage Improvements located on or under the yard, except those for which the Association is responsible. The Association shall be responsible for maintenance of the Drainage Improvements located in the Association Maintenance Areas. Declarant may specify additional parties and maintenance requirements in the applicable Supplementary Declaration. To ensure adequate drainage within the Property, it is essential that the Drainage Improvements not be modified, removed or blocked without having first made alternative drainage arrangements. Therefore, no Owner may install, alter, modify, remove or replace any Drainage Improvements on or under the extension of the Residential Lot without first making alternative drainage arrangements approved in writing by the Design Review Committee and by Governmental Agencies. Owner-installed irrigation systems must be installed and maintained to prevent excess runoff and accumulation of surface water.

6.21.4 No Modification of Pollution Control/Bio Retention Facilities. The Association shall not modify or alter in any way any bio retention or other drainage facilities within any lots designated as bio retention lots or any other portions of the Association Maintenance Areas without the consent of the County and Declarant, so long as Declarant owns any portion of the Property.

6.21.5 Cross Lot Drainage Facilities. Neither the Association nor any Owner shall damage, alter, modify or interfere with or cause obstruction of any Cross Lot Drainage Facilities on the Owner's Residential Lot, nor shall any such Owner or the Association erect, place or construct any building, obstruction or other structure, plant any tree, drill or dig any well within the portion of the Owner's Residential Lot or Association Property, as applicable, in which Cross Lot Drainage Facilities are located.

6.21.6 Indemnity. Any Owner who violates the restrictions relating to drainage shall indemnify, protect, defend and hold each other Owner and Declarant from and harmless from any claims.

6.22 Compliance With Requirements Regarding Storm Water Pollution. Each Owner acknowledges that water that enters a storm drain flows to waterways, creeks, streams, rivers, lakes and/or oceans. Accordingly, the National Pollutant Discharge Elimination System, the Federal Clean Water Act, and the policies and ordinances of the County prohibit discharging anything other than natural rain water into storm drainage systems, including gutters and streets which drain into storm drains. Toxic chemicals or hydrocarbon compounds such as gasoline, motor oil, antifreeze, solvents, paints, paint thinners, wood preservatives, fertilizers, lawn clippings, yard waste, detergents, pet waste, paints and other such materials and pollutants shall not be discharged into any street, public or private, gutters, or into storm drains or storm water conveyance systems. The disposal of such pollutants and materials into a storm drain system may result in significant penalties and fines and that such Owner may be responsible for any activities by Owner's contractors (e.g., painters, landscapers, etc.) who dispose of such pollutants from an Owner's Residential Lot into a storm drain system. All Owners within the Community are required to comply with such restrictions and Best Management Practices. "Best Management Practices" means all best management practices imposed from time to time by Applicable Laws or Governmental Agencies, including without limitation, pollution control practices or devices, erosion control to prevent silt runoff during construction, general housekeeping practices, pollution prevention and educational practices, maintenance procedures, and other management practices or devices to prevent or reduce the discharge of pollutants to stormwater, receiving water or stormwater conveyance system to the maximum extent practicable. Owners are encouraged to consult with the Governmental Agencies, concerning the proper disposal of any toxic or Hazardous Materials.

6.22.1 Storm Water Pollution Prevention Best Management Practices. To comply with the requirements of Government Agencies in connection with the storm water pollution prevention and Best Management Practices, each Owner and the Association agree that they will, at all times, maintain all Improvements located on a Residential Lot and in the case of the Association, within the Association Property, in a clean, safe and attractive condition, free and clear of any and all debris and in accordance with any agreements that are recorded or may be recorded against the Community. All landscaping shall be maintained by an Owner in a manner that will prevent soil erosion and minimize sediment transport. To the extent that Declarant has installed any erosion protection devices (e.g., sandbags), an Owner shall not remove such devices unless and until all landscaping has been installed on a Residential Lot, and has been sufficiently grown so as to prevent soil erosion and transport of any sediment. All trash receptacles within an Owner's Residential Lot shall be covered and closed at all times except when disposing of trash. The Association and the Owners shall comply with all applicable Best Management Practices and perform all maintenance that may be imposed by any water quality management plan that may affect the Property. The costs of the Association's portion of such maintenance, if any, shall be treated as a Common Expense.

6.22.2 Liability to Declarant. So long as Declarant owns any Residential Lot within the Community, if an Owner or the Association is not in compliance with the provisions of this Section and as a result, Declarant may incur any liability, Declarant shall have the right but not the obligation to enter upon the Association Property and the Residential Lot to correct such violation. Any Owner who violates the requirements of this Section and the Association, to the extent the Association violates the requirements of this Sections shall indemnify, protect, defend and hold Declarant and Declarant's officers, directors, successors and assigns entirely free and harmless from and against any liabilities, penalties, costs, expenses and actions, including, without limitation, attorneys' fees and costs arising from or attributed to a violation of the provisions of this Section and shall, within fifteen (15) days after request from Declarant, reimburse Declarant

for any costs and expenses incurred by Declarant in correcting any violation of this Section by the Owner or Association of this Section .

6.23 Trash. Trash, garbage or other waste shall be kept only in sanitary containers. No Owner shall permit or cause any trash or refuse to be kept on any portion of the Community other than in the receptacles customarily used for it, which shall be stored within fenced sideyards or garages except on the scheduled day for trash pickup. All trash containers shall be maintained such that the lids remain closed to prevent excessive odor from emanating therefrom. Owners shall comply with the Association Rules regarding trash disposal and recycling.

6.24 Landscaping. Each Owner of a Residential Lot shall landscape any portions of such Owner's Residential Lot that are not landscaped by Declarant as part of the initial conveyance by Declarant, in accordance with plans approved pursuant to Article 8. The Application for any initial landscaping on a Residential Lot shall be submitted no later than six (6) months after the conveyance of the Residential Lot by Declarant to an Owner and installation of initial landscaping shall be completed no later than nine (9) months after the conveyance of the Residential Lot by Declarant to an Owner. Prior to installing any landscaping on an Owner's Residential Lot, the Owner shall be responsible for ensuring that there is no runoff from the Owner's Residential Lot and the Owner shall be required to take such action as may be reasonably necessary to prevent any runoff, including, if necessary, installing landscaping in advance of such required installation date.

6.24.1 Landscaping Restrictions. During landscaping of a Residential Lot, landscaping and construction materials must be stored only upon the Owner's Residential Lot. Such materials must be properly contained to prevent spillover into the Private Streets. Spilled material must be swept and containerized. Spilled materials shall not be washed into the storm water curb drain inlets. Temporary erosion or sediment control devices may have been installed by Declarant during construction of the Community. Owners shall not remove any temporary erosion or sediment control devices installed by Declarant until Owner's Residential Lot is landscaped and the plantings are established. Owner is responsible for preventing sediment leaving Owner's Residential Lot. Each Owner shall be liable to Declarant for any damage resulting from failure to prevent sediment from leaving the Owner's Residential Lot and shall indemnify, protect, defend and hold Declarant entirely free and harmless from any and all liabilities, actions, penalties and damages arising from or attributable to any such runoff.

6.25 ADUs. ADUs are only permitted to the extent required to be allowed by State of California law and to the extent such ADU has been approved by the County and the Association. In addition to the requirements set forth in Article 8 below, all ADUs must be constructed in a professional and workman like manner and comply in all respect with all applicable laws and all restrictions contained herein applicable to the Residential Lot.

6.26 Fuel Modification Zones. All Improvements, landscaping and irrigation which are included within the Fuel Modification Zones shall conform with the applicable provisions of the Fire Suppression Requirements and all applicable Community Entitlements. Each Owner and the Association shall comply with the planting, watering, maintenance and pruning requirements set forth in the Fire Suppression Requirements for each applicable Fuel Modification Zone.

6.27 Slope Control, Use and Maintenance. Each Owner shall keep, maintain, water, plant and replant all slopes located on such Owner's Residential Lot so as to prevent erosion and to create an attractive appearance. It shall be the duty of all Owners to conduct all construction and installation of improvements on such slopes in accordance with any guidelines or rules

adopted by the Board for maintenance of such slopes. Thereafter each Owner shall keep, maintain, water, and replant all in such a manner as to protect the integrity of such Owner's Residential Lot and all adjoining Residential Lots and the structural improvements thereon. No structure, planting or other material shall be placed or permitted to remain or other activities undertaken on such slopes that may damage or interfere with established slope ratios, create erosion or sliding problems, or that may change the direction of flow of drainage channels or obstruct or retard the flow of water through drainage channels.

6.28 Post Tension Slabs. The concrete slabs for the Residences within the Residential Lots in the Community may be reinforced with a grid of steel cables that were installed in the concrete and then tightened to create very high tension. This type of slab is commonly known as a "Post Tension Slab." Cutting into a Post Tension Slab for any reason (e.g., to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Residence and/or personal injury. By accepting a grant deed to a Residence in the Community, each Owner specifically covenants and agrees that: (a) such Owner shall not cut into or otherwise tamper with the Post Tension Slab, if any; (b) such Owner shall not knowingly permit or allow any person to cut into or tamper with the Post Tension Slab so long as such Owner owns any interest in the Residence; (c) such Owner shall disclose the existence of the Post Tension Slab to any Occupant or subsequent purchaser of the Residential Lot; and (d) such Owner shall indemnify, protect, defend and hold Declarant and its officers, employees, contractors and agents, free and harmless from and against any and all claims, damages, losses, or other liability (including, without limitation, attorneys' fees) arising from any breach of this Section.

6.29 Entry Gates. Declarant shall have control over the vehicular entry gates which may be situated within the Association Property and shall be responsible for the maintenance and repair of the entry gates until all sales of all Residential Lots in the Community have been completed or until Declarant in its sole discretion, determines that the Association should take responsibility for control, maintenance and repair of some or all of the entry gates as part of the Private Streets. The Association's obligation shall commence immediately upon receipt of written notice from Declarant or identifying the entry gates to be thereafter controlled and maintained by the Association. Notwithstanding who has responsibility for the entry gates, Declarant shall be entitled to have the entry gates remain open during customary sales hours in order to conduct sales. The presence of entry gates in the Community is not a warranty or representation by Declarant that any security is being provided to any owner or to any Owner's Residence or person property. Notwithstanding anything to the contrary set forth in this Declaration, in no event may this provision be modified or amended without the consent of Declarant.

6.30 Solar Energy System. Except for those Solar Energy Systems originally installed by Declarant, no Solar Energy System may be installed on a Residential Lot unless and until (i) the Owner provides the Association and each of the Owner's neighbors who may be affected by the installation of the Solar Energy System with the notice set forth in California Public Resources Code Section 25982.1, and (ii) the Solar Energy System has been approved in accordance with the provisions of Article 8 (Design Review) of this Declaration. A Solar Energy System that is proposed to be installed on a Residential Lot must meet all applicable requirements of California Civil Code Section 714(c) and California Public Resources Code Section 25981(d).

6.31 Solar Shade Restrictions. After the installation of a Solar Energy System on a Residential Lot, neither an Owner of an adjacent Residential Lot nor the Association (in the case of adjacent Association Property) shall allow a tree or shrub to be placed or, if placed, to grow so as to cast a shadow in violation of the standards set forth in California Public Resources Code Section 25982. The Owner, not the Design Review Committee, shall bear the burden of

calculating compliance of any such tree or shrub with the provisions of California Public Resources Code Section 25982. The restrictions of this Section do not apply to a tree or shrub planted prior to the installation of a Solar Energy System or to the replacement of a tree or shrub that had been growing prior to the installation of a Solar Energy System and which, subsequent to the installation of the Solar Energy System, dies or is removed for reasons of public health or safety. Approval by the Design Review Committee of the installation of particular trees or shrubs on a Residential Lot adjacent to a Solar Energy System or the installation of particular trees or shrubs by the Association on Association Property adjacent to a Solar Energy System shall not be deemed to waive or alter the provisions of this Sections and the Design Review Committee shall not be liable to the Owner of the Solar Energy System for any such approval.

6.31.1 Impact of Shading Restrictions. Depending upon the dimensions and topography of certain Residential Lots, the solar shade restrictions set forth in this Section and the Solar Shade Control Act may prevent or severely restrict (a) the planting of any trees, or the planting of medium or large trees, in the yard area, if any, of the Residential Lot. The solar shade restrictions set forth in this Section and the Solar Shade Control Act may have the foregoing impacts on Residential Lots on which no Solar Energy Systems are installed or constructed.

6.31.2 No Restriction on Adjacent Property. In some cases the Residential Lots encumbered by this Declaration may be adjacent to other real property that is not encumbered by this Declaration. In such cases, adjacent real property may only be subject to applicable laws including without limitation the Solar Shade Control Act.

6.32 Notice of Airport in Vicinity. The Property is located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the Property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (e.g., noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. Each Owner should consider what airport annoyances, if any, are associated with the Property before such Owner completes his or her purchase and determine whether such annoyance are acceptable to such Owner. ||***TBD.***||

6.33 Compliance With Laws, Etc. No Owner shall permit anything to be done or kept in his or her Residential Lot that violates Applicable Laws, including any laws, ordinances or statutes pertaining to the use or storage of any Hazardous Materials. The Association and each Owner shall comply with all Applicable Laws and all applicable requirements of the Community Entitlements.

6.34 Exemption of Declarant. The restrictions set forth in this Article shall not apply to Declarant so long as: (a) Declarant owns any portion of the Property; or (b) Declarant is exercising any of its rights under Article 9 or any other rights or powers or easements reserved to Declarant under this Declaration.

ARTICLE 7
MAINTENANCE RESPONSIBILITIES

This Article sets forth the maintenance responsibilities of the Association and the standards for that maintenance to ensure the overall quality and aesthetic appearance of the Community. This Article also sets forth the maintenance obligations of the Owners. It is important that the Association and each Owner understand the maintenance responsibilities set forth in this Article. Maintaining the Community will help to preserve and protect the value and aesthetic

appearance of the Community. Additional maintenance obligations will be identified in a Supplementary Declaration.

7.1 Maintenance and Maintenance Obligations. Unless the context otherwise requires, as used in this Article, "maintenance," "maintain" or "maintaining" means the operation, inspection, maintenance, repair, restoration and replacement of the areas and facilities designated for maintenance by the Association or Owner. To the extent repair, restoration and replacement is required as a result of damage or destruction under Article 11, then the repair and replacement shall be governed by the provisions of Article 11.

7.2 Maintenance Obligations of Owners of Residential Lots.

7.2.1 Maintenance of Residential Lots. Subject to any provisions of the Governing Documents, each Owner shall maintain, repair and otherwise care for the maintenance of the Owner's Residence and all Improvements situated within the Residential Lot in a good condition of maintenance and repair and in conformance with the Maintenance Obligations and all Applicable Laws, including without limitation, the obligations set forth below.

(a) Landscaping. All landscaping within a Residential Lot (excluding Association Maintenance Areas) shall be maintained in a disease free and thriving condition.

(b) Mailbox Locks. Each Owner is responsible for the maintenance of any locks on such Owner's mailbox.

(c) Private Sewer Lateral. Each Owner shall be responsible for maintenance of all portions of any Private Sewer Lateral servicing such Owner's Residential Lot. All such maintenance shall be performed in accordance with the Maintenance Obligations and any applicable private sewer lateral encroachment maintenance removal agreement.

(d) Other Obligations. Each Owner shall perform any maintenance obligations designated in a Supplementary Declaration as a maintenance responsibility of an Owner whose Residential Lot is subject to such Supplementary Declaration(s).

7.2.2 Fuel Modification Zones. Unless such area is designated as an Association Maintenance Area, each Owner shall maintain any Fuel Modification Zones located within such Owner's Residential Lot in accordance with the Fire Suppression Requirements, Design Guidelines and such other guidelines and regulations as may be adopted by the County or other Governmental Agencies. The size and/or width of the Fuel Modification Zones are based on the proposed location of the Residences within the Community, and requires certain minimum distances to be maintained between structures and native grasses, shrubs and/or plants. This will limit or prohibit any future additions, structures or accessory structures on the affected Residential Lots unless the boundaries of the applicable Fuel Modification Zones can be amended or changed. Such modifications may only be accomplished by processing a prior written request to make such changes through the County or applicable Governmental Agencies. Such modifications would also require the approvals set forth in Article 8. In many instances the Fuel Modification Zones cannot be changed because of possible impacts to native habitat and/or mitigation areas.

7.2.3 Quality of Maintenance. All maintenance required to be performed by an Owner pursuant to this Declaration shall be performed in such a manner as shall be deemed necessary in the judgment of the Board to preserve the attractive appearance thereof and to protect the value thereof in compliance with all requirements of the Maintenance Obligations. Any such maintenance of any of the foregoing which is visible from outside of a Residential Lot shall be consistent with the existing design, aesthetics and architecture of the Community.

7.2.4 Compliance with Maintenance Obligations. By accepting a deed to a Residential Lot, each Owner acknowledges and agrees that each Owner is required to comply with all of the Maintenance Obligations and schedules set forth in the Homeowner Maintenance Manual and each Owner is further obligated to provide a copy of all documents describing Maintenance Obligations to any successor purchaser of such Owner's Residential Lot.

7.3 Non Compliance With Maintenance Obligations by an Owner. If an Owner ("Non-Maintaining Owner") fails to perform its Maintenance Obligations as required under this Declaration, the Association, in addition to any other rights under this Declaration, shall have the right to cure such failure and the provisions set forth below shall apply.

7.3.1 Maintenance Deficiencies. Upon a finding by the Association of a deficiency by a Non-Maintaining Owner in its Maintenance Obligations, the Association may provide to the Non-Maintaining Owner a written notice ("Notice of Deficiency"), which shall briefly specify the conditions which the Association finds to be deficient, and request that such deficiency be cured within a specified reasonable period of time. If the Association determines that such deficiency continues to exist at the end of the period of time specified in the Notice of Deficiency, the Association may, at its option, either: (a) enter on and accomplish the maintenance of such portion of the Property that continues to be deficient; (b) contract with another party to accomplish such maintenance; or (c) seek any other remedy available at law or in equity including, without limitation, specific performance or an injunction to enforce the Non-Maintaining Owner's Maintenance Obligations provided herein. Any of the foregoing remedies may be employed at the option of the Association, and the failure to employ any of such remedies upon any occurrence giving rise to such remedies shall not be a waiver of the right to employ such remedies in connection with any other occurrence.

7.3.2 Emergency Maintenance. If the Association determines that such deficiency constitutes an Emergency which requires action prior to the expiration of any cure period, the Association may take the actions provided for in this Section without a Notice of Deficiency being given in advance of taking such action, provided that as soon as reasonably practicable after taking the Emergency action the Association gives a Notice of Deficiency (without providing a cure period) to the Non-Maintaining Owner.

7.3.3 Reimbursement of Association. If the Association elects to perform a Non-Maintaining Owner's Maintenance Obligations, whether by use of its own employees and equipment or by contract with a third party, the entire cost of accomplishing such maintenance shall be an obligation of the applicable Non-Maintaining Owner and shall be reimbursed by the Non-Maintaining Owner to the Association with interest at the Applicable Rate within fifteen (15) days after receipt of a statement therefor. If such amounts are not reimbursed when due, the Association may levy a Compliance Assessment.

7.4 Maintenance Obligations of the Association. The Association shall be responsible for maintaining and otherwise caring for all Association Property and Association Maintenance Areas in a good condition of maintenance and repair in accordance with the

Maintenance Obligations and in accordance with all requirements of Governmental Agencies and the Community Entitlements and the Governing Documents. The Association's Maintenance Obligations shall include, without limitation, the obligations described below:

7.4.1 Association Property and Association Maintenance Areas. The Association shall maintain the Association Property and Association Maintenance Areas (including without limitation any Offsite Maintenance Areas) in a good condition of repair, including all Improvements, landscaping, irrigation and monument signs located on or in the Association Property or Association Maintenance Areas.

(a) Private Streets. The Association shall maintain all Private Streets, including, without limitation, any parkway and sidewalk Improvements located within the Private Streets and the street lights within or adjoining the Private Streets as part of the Private Streets.

(b) Cluster Mailboxes. The Association shall maintain the cluster mailboxes, except that the Owners shall maintain the locks as provided above.

(c) Storm Water and Drainage Facilities. The Association shall maintain all storm drain and water quality improvements within the Association Property and any other storm water and drainage facility as may be designated in a Supplementary Declaration. Such maintenance shall be performed in accordance with the requirements of all Governmental Requirements.

(d) County Agreements. The Association shall perform all maintenance obligations set forth in the County Agreements.

(e) Additional Items. The Association shall also be responsible for maintaining any Improvements designated for Association maintenance in a Supplementary Declaration and/or that a majority of the Board or a majority of the Voting Power of the Association designates for maintenance by the Association.

(f) Fuel Modification Zones. The Association shall maintain any Fuel Modification Zones located within the Association Property and Association Maintenance Areas in accordance with the requirements set forth in the Fire Suppression Requirements and such other guidelines and regulations as may be adopted by the County or other Governmental Agencies.

7.4.2 Association's Compliance with Maintenance Obligations. The Association shall comply with the Maintenance Obligations for the Association Property, Association Maintenance Areas, and any other areas to be maintained by the Association in accordance with the requirements of the Association Maintenance Manual. The Association's obligations to perform such maintenance in any Phase shall commence on the date Regular Assessments commence on Residential Lots in such Phase. Until commencement of Regular Assessments against Residential Lots in any Phase, the Association Property, Association Maintenance Areas, Offsite Maintenance Areas and other areas to be maintained by the Association in such Phase shall be maintained by Declarant. Notwithstanding the foregoing, contractors or subcontractors of Declarant may be contractually obligated to maintain the landscaping or other Improvements on the Association Maintenance Areas pursuant to warranties or other existing contractual obligations to Declarant. The Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Maintenance performed by such contractors or subcontractors of Declarant shall not serve to postpone the

commencement of Regular Assessments pursuant to this Declaration, nor entitle an Owner to claim any offset or reduction in the amount of such Regular Assessments.

7.5 Maintenance of Fences and Walls. Except as otherwise provided in a Supplementary Declaration, fences and walls in the Community shall be maintained as set forth below.

7.5.1 Fencing and Walls within Association Property. The Association shall maintain, in a good condition of maintenance and repair, and replace if necessary any walls and any fencing and walls situated on Association Property which do not border a Residential Lot. Such maintenance shall include, without limitation, the prompt removal of all graffiti from walls or fences situated within Association Property which are the responsibility of the Association.

7.5.2 Owner Maintenance Obligations. Each Owner shall maintain, in a good condition of maintenance and repair, the fencing and walls situated on an Owner's Residential Lot. Each such Owner shall also replace, as may be necessary, such fences and walls, with fences and walls approved in accordance with Article 8. Such maintenance shall include, without limitation, the prompt removal of all graffiti from walls or fences from such walls or fences. Any glass used as a component of fencing which is damaged shall be repaired or replaced at the Owner's expense in a timely manner.

7.5.3 Interior Fencing or Walls Between Two Residential Lots. For any fences or wall which separate two (2) Residential Lots, each Owner shall have the obligation to maintain the interior of the fence or wall, and the Owners shall share, on an equitable basis, the cost of replacing such fence or wall. The Owner of each affected portion of the Property upon which a party wall or fence is located shall have a reciprocal non-exclusive easement over the Property immediately adjacent to the interior fence for the limited purpose of maintaining the party wall or fence.

7.5.4 Community Walls Between Residential Lots and Association Property. If any Community Wall separates a Residential Lot from Association Property, the Owner shall maintain the surface of the Community Wall facing the Owner's Residential Lot and the Association shall maintain the surface of the Community Wall facing the Association Property. The Association shall repair and replace the Community Walls.

7.5.5 Liability for Damage. Notwithstanding any other provision of this Sections an Owner who by his or her negligent or willful act causes a wall or fence within the Community to be damaged shall bear the whole cost of repairing such damage.

7.6 Duty to Protect Against Mechanics' Liens. In performing their Maintenance Obligations, and in connection with any other Improvements, the Association and any Owner (for the purposes of this Sections the "Contracting Party," as applicable) shall each promptly pay all costs, expenses, liabilities and liens arising out of or in any way connected with contracts for any service, labor or materials provided or supplied to the Property or the construction of any Improvements authorized or undertaken by the Contracting Party. A Contracting Party shall not cause or permit any mechanic's lien to be filed against the Community for labor or materials alleged to have been furnished or delivered to the Community by the Contracting Party. If any Contracting Party causes a lien to be filed, such Contracting Party shall: (a) immediately either cause the lien to be discharged within ten (10) days after notice to such responsible party by the Contracting Party, or post a bond which protects the title of the affected Contracting Party to their Property; and (b) indemnify, protect, defend and hold harmless the other Owners and/or the

Association, as applicable, from any loss, damage, liability, expense or claims whatsoever by reason of any expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees and costs of defending against the foregoing claims by the Association, another Owner and any costs of enforcing this indemnity prior to the defense thereof by the Contracting Party.

7.7 Liability to Declarant. So long as Declarant has any obligation or liability under any permits issued by a Governmental Agency, if an Owner or the Association is not in compliance with the provisions of this Article and as a result, Declarant may incur any liability, Declarant shall have the right but not the obligation to enter upon the applicable portion of the Community to correct such violation. If the Association or an Owner violates the requirements of this Article, the Association or Owner shall indemnify, protect, defend and hold Declarant, and their/its respective officers, directors, successors and assigns entirely free and harmless from and against any liabilities, penalties, costs, expenses and actions, including, without limitation, attorneys' fees and costs arising from or attributed to a violation of the provisions of this Article and shall, within fifteen (15) days after request from Declarant, reimburse Declarant for any costs and expenses it incurred as a result of a violation of this Article by the Association or Owner.

7.8 Inspection of the Community. The Association shall regularly inspect all major components of the Association Property and Association Maintenance Areas at least once each year. One of the primary purposes of the inspection shall be to determine how to extend the life of Association Property and Association Maintenance Areas Improvements and to prevent damage to such Improvements resulting from the Association's neglect or the failure to properly and adequately maintain. The Association shall keep appropriate records to document that it has performed all inspections and maintained all Improvements in compliance with the Association Maintenance Manual and this Declaration.

7.9 Future Construction. Nothing in this Declaration shall limit the right of Declarant to complete construction of Improvements to the Association Property and to Residences owned by Declarant or to alter them or to construct additional Improvements as Declarant deems advisable before completion and sale of the entire Community.

ARTICLE 8
DESIGN REVIEW

To help maintain the architectural integrity and to project and preserve the value of the Community, the Association is charged with the responsibility of architectural review over the Community. The architectural review and approval process is intended to help to protect the interests of the Owners in the Community. Design review may be performed by either the Board, the Design Review Committee or an outside consultant. The architectural review process will be governed by both the provisions of this Declaration and the requirements set forth in Design Guidelines.

8.1 Non-Applicability to Declarant. The provisions of this Article shall not apply to any Improvements installed by Declarant or repaired by Declarant pursuant to the Limited Warranty, or Civil Code Section 895, *et seq.*, and neither the Board nor the Design Review Committee shall have any rights of review or approval with respect thereto.

8.2 Scope of Review. No Improvements of any kind whatsoever shall be removed, commenced, erected, placed or altered upon or around any Residential Lot until the Owner has submitted complete plans and specifications showing the nature, kind, shape, height and

materials of such Improvements, including the color and any other requirements set forth in the Design Guidelines ("Plans and Specifications"), and such Plans and Specifications have been approved in writing as to harmony of external design and location to surrounding structures and topography by the Board. In addition, the grade, level or drainage characteristics of the Residential Lot or any portion thereof shall not be altered without the prior written consent of the Board. An Owner shall also be obligated to obtain any approvals required by the County or other Governmental Agencies.

8.3 Design Guidelines. The Board may, from time to time and in accordance with California Civil Code Section 4355, *et seq.*, adopt, amend and repeal, rules and regulations to be known as "Design Guidelines." The Design Guidelines shall interpret and implement the provisions hereof by setting forth the standards and procedures for Board review and guidelines for architectural design of Improvements, placement of Improvements, color schemes, exterior finishes and materials and similar features which are recommended for use in the Community; provided, however, that the Design Guidelines shall not be in derogation of the standards required by this Declaration.

8.4 Approval of Plans and Specifications. Prior to the installation of any Improvements, or taking other action that requires the prior approval of the Board, the Owner ("Applicant") shall submit a complete set of Plans and Specifications and any review fee required pursuant to the Design Guidelines and any other materials required by the Association in accordance with the Design Guidelines, including evidence satisfactory to the Board that the proposed Improvements are acceptable under the terms of this Declaration and the Design Guidelines, and comply with all Applicable Laws and, as applicable, building code requirements ("Application").

8.4.1 Time Periods for Review. Within forty-five (45) days after an Owner's proper application for approval, the Board shall consider and act upon such request. In the event the Board fails to approve or disapprove of the Application within forty-five (45) days after all documents and information requested by the Board have been received by it, the Owner requesting said approval may submit a written notice to the Board advising the same of its failure to act. If the Board fails to approve or disapprove any such Application within fifteen (15) days after the receipt of said notice from such, said Application shall be deemed approved, provided that any Improvements conform to all conditions and restrictions contained in this Article and are aesthetically harmonious with similar structures erected within the Community.

8.4.2 Reconsideration. If a Design Review Committee is appointed and the Design Review Committee disapproves any Plans and Specifications submitted by an Owner pursuant to this Article, the Applicant may submit a written request for reconsideration to the Board. The Board must receive the written request not more than thirty (30) days following the final decision of the Design Review Committee. Within thirty (30) days following receipt of the written request for reconsideration, the Board shall render its written decision in accordance with California Civil Code Section 4765. The decision of the Board shall be binding and final.

8.4.3 Effectiveness of Final Approval. The approval granted as provided above shall be effective for a period of twelve (12) months from the date of issuance. In the event construction does not commence within such twelve (12) month period, the approval shall be deemed to have expired and a new approval pursuant to the provisions of this Article must be obtained.

8.5 Approval of Solar Energy Systems. Any Owner proposing to install or use a solar energy system, as defined in California Civil Code Section 801.5, shall be subject to the same review and approval process as any Owner proposing to construct any Improvements or other actions requiring the approval of the Board pursuant to this Declaration. However, only reasonable restrictions on the installation and use of a solar energy system shall be permitted. Reasonable restrictions on a solar energy system are those restrictions that do not significantly increase the cost of the system or significantly decrease its sufficiency or specified performance, or which allow for an alternative system of comparable costs, efficiency, and energy conservation benefits.

8.6 Compliance With California Civil Code Section 4765. In approving Plans and Specifications submitted to it pursuant to this Article, the Board shall comply with the requirements of California Civil Code Section 4765.

8.7 Inspection and Correction of Work. Inspection of work and correction of defects therein shall proceed as set forth below.

8.7.1 Right of Inspection During Course of Construction. The Board or its duly authorized representative may enter into any Residential Lot, from time to time, as provided below during the course of construction or installation of any Improvements for the purpose of inspecting the construction or installation. If the Board determines that such construction and/or installation is not being done in substantial compliance with the approved Plans and Specifications, it shall notify the Owner of such noncompliance. The Board may not enter into a Residence without obtaining the prior permission of the Owner or Occupant; provided, however, that such prior permission shall not be unreasonably withheld and shall be given for entry by the Board during the daylight hours within forty-eight (48) hours of the request for entry.

8.7.2 Notice of Completion. Upon completion of any construction or reconstruction or the alteration or refinishing of any Improvements, or upon the completion of any other work for which approved Plans and Specifications are required under this Article, the Owner shall give written notice of completion thereof to the Board.

8.7.3 Inspection. Within thirty (30) days after receiving notice of completion, the Board, or its duly authorized representative, shall have the right to enter into a Residential Lot (but not the interior of the Residence situated therein), as provided in Section 8.7.1, to inspect the Improvements to determine whether they were constructed or installed in substantial compliance with the approved Plans and Specifications. If the Board finds that such construction or installation was not done in substantial compliance with the approved Plans and Specifications, it shall notify the Owner in writing of such non-compliance within such thirty (30) day period, specifying particulars of non-compliance, and shall require the Owner to remedy such non-compliance.

8.7.4 Non-Compliance. If an Owner fails to remedy such non-compliance within thirty (30) days after the date of notification of non-compliance, the Board, after affording the Owner Notice and Hearing, shall determine whether there is a non-compliance, and if so, the nature thereof and the estimated cost of correcting or removing the same. If non-compliance exists, the Board shall require the Owner to remedy or remove the same within a period of not more than thirty (30) days from the date of the Board ruling. If the Owner does not comply with the Board ruling within such period or within any extension of such period as the Board in its discretion may grant, the Board at its option may either remove the non-complying Improvement or remedy the non-compliance, and the Owner shall reimburse the Association for all expenses

incurred in connection therewith upon demand. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a Compliance Assessment against such Owner for reimbursement.

8.7.5 Failure to Notify. If for any reason the Board fails to notify the Owner of any non-compliance within sixty (60) days after receipt of the notice of completion from the Owner, the Improvements shall be deemed to be in accordance with said approved Plans and Specifications.

8.7.6 Government Regulations. If in the event there is any conflict between the requirements or actions of the Board and the Applicable Laws relating to the Property, to the extent that such Applicable Laws are more restrictive, the Applicable Laws shall control, and the Board shall modify its requirements or actions to conform to the Applicable Laws; provided, however, that if the Applicable Laws are less restrictive, the provisions of this Declaration shall nonetheless apply. The application to and the review and approval by the Board of any Plans and Specifications or other submittals by an Owner shall in no way be deemed to be satisfaction or compliance with any building permit process or other Applicable Laws or public utility requirements (hereinafter collectively referred to as "Additional Requirements") the responsibility for which shall lie solely with the Owner; provided, however, if the Additional Requirements are less restrictive than the provisions of this Declaration, and the other Governing Documents shall nonetheless apply.

8.8 Diligence in Construction. Upon approval by the Board or Design Review Committee of any Plans and Specifications, the Owner shall promptly commence construction of the Improvements and diligently pursue the same to completion.

8.9 Fee for Review and Inspection of Improvements. The Board shall have the right to establish a fee for the review and approval of Plans and Specifications and inspection of Improvements that must be submitted to the Board pursuant to the provisions of this Article. The Board shall have the right to hire an engineer or other consultant, the opinion of which the Board deems necessary in connection with its review of any plans submitted by any Owner, and such Owner shall be liable for payment of such engineer's and/or consultant's fee.

8.10 Interpretation. All questions of interpretation or construction of any of the terms or conditions herein shall be resolved by the Board, and its decision shall be final, binding and conclusive on all of the parties affected.

8.11 Waiver. The approval by the Board of any Plans and Specifications for any work done or proposed, or for any other matter requiring the approval of the Board under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar Plans and Specifications or matter subsequently submitted for approval.

8.12 Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Board by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Association), the Board shall deliver an estoppel certificate, executed by any member of the Board (with respect to any Residential Lot of said Owner) that as of the date thereof, either: (a) all Improvements made and other work completed by said Owner comply with this Declaration; or (b) such Improvements or work do not so comply, in which event the estoppel certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest in said Residential Lot through the Owner, shall be entitled to rely on said

estoppel certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, Declarant, and all Owners and such Persons deriving any interest through them.

8.13 Liability. Neither the Board, any Design Review Committee, nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any Plans and Specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved Plans and Specifications; (c) damage to the Community or any property within the Community; or (d) the execution and filing of an estoppel certificate pursuant to Section 8.12, whether or not the facts therein are correct; provided, however, that the Board member has acted in good faith on the basis of such information as may be possessed by him or her. Without in any way limiting the generality of the foregoing, the Board, or any member thereof, may, but is not required to, consult with or hear the views of any Owner with respect to any Plans and Specifications or any other proposal submitted to the Board.

8.14 Variances. The Board may authorize variances from compliance with any of the architectural provisions of this Declaration, including, without limitation, restrictions upon height, size, floor area or placement of Improvements or other similar restrictions, when circumstances such as topography, natural obstructions, aesthetic or environmental considerations may require. Such variances may be evidenced in writing and must be signed by at least two (2) officers of the Board and shall become effective upon execution. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular Residential Lot and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all Applicable Laws affecting its use of the Residential Lot, including, without limitation, zoning ordinances and lot setback lines or requirements imposed by the County or any other Governmental Agencies.

8.15 Appointment of Design Review Committee. The Board shall have the right to delegate its review and approval rights under this Article to a Design Review Committee or an outside consultant. If the Board so elects, the Design Review Committee shall consist of three (3) members. One (1) alternate member may be designated by the Board to act as a substitute on the Design Review Committee. In the event the Board appoints an Design Review Committee, all rights hereunder shall apply to the Design Review Committee and all references to the Board shall be deemed to refer to the Design Review Committee. Members appointed to the Design Review Committee by Declarant need not be Members of the Association. Exercise of the right of appointment and removal as set forth herein shall be evidenced by the specification in the minutes of the Association of each new Design Review Committee member or alternate member appointed and each member or alternate replaced or removed from the Design Review Committee.

8.16 Compensation. The members of any Design Review Committee appointed by the Board shall receive no compensation for services rendered other than reimbursement by the Association for expenses incurred by them in the performance of their duties hereunder, unless the Association retains a professional architect, engineer or designer as a member of the Design Review Committee for the purpose of providing professional services, in which event reasonable compensation for such member shall be approved by the Board.

ARTICLE 9
DEVELOPMENT RIGHTS

Given the size of the Community, development will extend over a long period of time. Declarant requires certain rights to enable Declarant to complete development, marketing and construction for the benefit of all of the Community. This Article describes some of those rights which are in addition to other rights reserved to Declarant under this Declaration and the other Governing Documents.

9.1 Limitations of Restrictions. Declarant is undertaking the work of developing Residential Lots and other Improvements within the Community. The completion of the development work and the marketing and sale, rental and other disposition of the Residential Lots by Declarant is essential to the establishment and marketing of the Property as a first class residential community. In order that the work may be completed, nothing in this Declaration shall be interpreted to deny Declarant the rights set forth in this Article.

9.1.1 Access. Declarant and its agents, contractors and subcontractors shall have the right to obtain reasonable access over and across the Association Property or do within any Residential Lot owned by it whatever is reasonably necessary or advisable in connection with the completion of the Community and the marketing and maintenance thereof, and Declarant and its contractors and subcontractors shall have such rights of access over and across the Association Property for purposes of satisfying any obligation of Declarant that Declarant has secured by a bond in favor of any Governmental Agency. Declarant shall have the right to keep any gate to the Community open during the construction, sale, and marketing of the Community.

9.1.2 Construct Improvements. Declarant and its contractors and subcontractors shall have the right to erect, construct and maintain on the Association Property or within any Residential Lot owned by Declarant such structures or Improvements, including, without limitation, sales offices and signs as may be reasonably necessary for the conduct of its business to complete the work, establish the Community as a residential community and dispose of the Community or other community or project owned by Declarant by sale, lease or otherwise, as determined by Declarant in its sole discretion and to perform or complete any work to improvements required for Declarant to obtain a release of any bonds posted by Declarant with the County or other applicable Governmental Agencies.

9.1.3 Grant Easements. Declarant shall have the right to establish and/or grant such easements and rights of way on, over, under or across all or any part of the Association Property to or for the benefit of any Governmental Agency or public organization, or any public utility entity or cable television provider, for the purpose of constructing, erecting, operating and maintaining Improvements thereon, therein or thereunder at that time or at any time in the future. The Governmental Agencies furthermore is granted an easement across the Association Property for ingress and egress for use by emergency vehicles of the Governmental Agencies.

9.2 Use of Facilities. Declarant shall have the right to use any recreational and other facilities within the Association Property, promotional and other marketing activities, and events and to reasonably display or show any recreational facilities to prospective purchasers.

9.3 Size and Appearance of Community. Declarant shall not be prevented from increasing or decreasing the number of Residential Lots that may be included in the Community or from changing the exterior appearance of Association Property structures, the landscaping or any other matter directly or indirectly connected with the Community in any manner deemed

desirable by Declarant, if Declarant obtains governmental consents required by Applicable Laws. The nature, design, quality and quantity of all Improvements to the Association Property and the Association Maintenance Areas shall be determined by Declarant, in its sole discretion.

9.4 Marketing Rights. Declarant shall have the right to:

9.4.1 maintain structures (including model homes), signs, billboards, sales offices, storage areas and related facilities on any portion of the Property as are necessary or reasonable, in the opinion of Declarant, or with the prior approval of Declarant for the sale, leasing or disposition of any Residential Lot;

9.4.2 use such portions of the Residential Lots as may be necessary or advisable to complete the sale or leasing of the Residential Lots;

9.4.3 maintain construction, leasing and/or sales offices within the Property;

9.4.4 place signs, flags, banners, balloons and other promotional advertising materials on the buildings, Residences and other portions of the Property during the marketing and leasing of Residential Lots or any grand opening;

9.4.5 provide ongoing maintenance, operation, service, construction, punch out, and repairs to any portion of the Residences and other Improvements within any portion of the Property;

9.4.6 change the appearance of portions or all of the Property, or change the development plan if Declarant, complies with Applicable Laws;

9.4.7 enter within or upon the Property in exercising the inspection and cure rights granted to Declarant under any other warranty rights;

9.4.8 make reasonable use of the Association Property and facilities for the sale of any Residential Lots; and

9.4.9 conduct their business of disposing of the Residential Lot by sale, lease or otherwise.

9.4.10 Any easement rights reserved by Declarant for marketing shall continue until Declarant has conveyed all of the Residential Lots within the Property to Owners under a Public Report, and any easement rights reserved by Declarant in favor of Declarant, for any construction, inspection or cure purposes shall be for a term and duration co-extensive with Declarant's, interest in any portion of the Property.

9.5 Title Rights. The rights of Declarant under this Declaration may be assigned to any successor(s) by an express assignment in a recorded instrument, including without limitation, a deed, option or lease. This Declaration shall not be construed to limit the right of Declarant at any time prior to such an assignment to establish additional licenses, reservations and rights-of-way to itself, to utility companies, to Governmental Agencies, or to others as may be reasonably necessary to the proper development and disposal of property owned by Declarant.

9.6 Control of Access into the Community. Until development of the Community is complete and Declarant has concluded sales, leasing or other marketing programs, Declarant

shall have the exclusive right to control all aspects of the operation of any and all Community entry facilities, if any, (including, without limitation, locking the Community entry facilities in an open position for sales purposes, and opening any or all of the Community entry facilities to provide access for construction traffic in accordance with Applicable Laws). Consequently, access into the Community may be open to the public for an extended period of time. At such time as Declarant relinquishes its right to control the operation of all of the Community entry facilities, such facilities will be owned, operated and controlled by the Association.

9.7 Declarant Representative. Until Declarant no longer owns any portion of the Property, the Association shall provide Declarant with written notice of all meetings of the Board and Declarant shall be entitled, without obligation, to have a representative present at all such Board meetings ("Declarant's Representative"), excluding any meetings while the Board is in executive session. The Declarant's Representative shall be in addition to any member which Declarant may have on the Board and, if Declarant elects to have an additional representative, Declarant's Representative may be present in an advisory capacity only and shall not be a Board member or have any right to vote on matters coming before the Board.

9.8 Declarant Exemptions. None of the covenants, restrictions and limitations set forth in Article 6, Article 8 or elsewhere in this Declaration shall be applied to the development, construction, marketing or sales or leasing activities of Declarant or construed in such a manner as to prevent or limit development, construction, marketing, leasing or sales activities by Declarant. This Section shall not be amended or removed without Declarant's prior written consent so long as Declarant owns any portion of the Property. Declarant and any Person to whom Declarant has assigned all or a portion of its rights as Declarant under this Declaration is exempt from the restrictions established under Article 6 and Article 8.

9.9 Supplementary Declarations. So long as Declarant owns any portion of the Property, Supplementary Declarations may be recorded by Declarant without the consent of any Owner, the Association or Mortgagee, for any of the purposes for which a Supplementary Declaration may be recorded; and then after Declarant no longer owns any portion of the Property, Supplementary Declarations may be recorded by the Association for any of the purposes for which Supplementary Declarations may be recorded.

ARTICLE 10
INSURANCE

This Article describes the obligations of the Association and the Owners regarding insurance.

10.1 Association's Insurance Obligations.

10.1.1 Liability Insurance. The Association shall obtain and maintain liability insurance providing coverage at least as broad as a current ISO general liability insurance form or its equivalent (including coverage for medical payments and coverage for owned and non-owned automobiles, if applicable), insuring the Association, Declarant (as long as Declarant is the Owner of any Residential Lot within the Property and/or has any rights under Article 9 and the Owners against liability arising from the ownership, operation, maintenance and use of the Association Property and Association Maintenance Areas by the Association and the performance by the Association of its duties under this Declaration. Coverage for such matters shall be primary to any coverage provided by any other liability insurance policy maintained by such insureds. The limits of such insurance shall not be less than the minimum requirements of California Civil Code

Section 5800 and 5805. Such insurance shall include a broad form named insured endorsement, if reasonably available, and may include coverage against any other liability customarily covered with respect to properties similar in construction, location and use, all as may be determined by the Board. Such policy shall include, if reasonably available as determined by the Board, a cross-liability or severability or interest endorsement insuring each insured against liability to each other insured.

10.1.2 Property Insurance. The Association shall obtain and maintain property insurance for the risks covered by, and providing coverage at least as broad as, a current ISO "special form" policy or its equivalent, insuring: (a) all Improvements upon, within or comprising the Association Property and any other areas to be maintained, repaired or replaced by the Association; and (b) all personal property owned or maintained by the Association. Such insurance shall be maintained in the amount of the maximum insurable replacement value of the property to be insured thereunder as determined annually by the Board. Such coverage may exclude land, foundations, excavations and other items typically excluded from property insurance coverage on properties similar in construction, location and use.

(a) Course of Construction. Whenever any Improvements required to be insured by the Association are in the course of construction, the insurance required under this Section to the extent appropriate, shall be carried by the Association in builder's risk form written on a completed value basis, insuring against loss to the extent of at least the full replacement value of the insured property (excluding foundations and footings, except for earthquake coverage) of that which is being covered.

(b) Payment of Insurance Proceeds. Subject to the rights of Mortgagees, the proceeds from such property insurance shall be payable to the Association or an insurance trustee ("Trustee") to be held and expended for the benefit of the Association. The trustee shall be a commercial bank or other financial institution with trust powers in the county in which the Community is located that agrees in writing to accept such trust. If restoration is authorized, the Association will have the duty to contract for such work as provided for in this Declaration.

(c) Primary. With respect to all real and personal property to be insured by the Association under this Declaration, the property insurance maintained by the Association shall be primary and noncontributing with any other property insurance maintained by an Owner covering the same loss.

(d) Endorsements. The property insurance policy shall contain, to the extent available on commercially reasonable terms as may be determined by the Board, the following endorsements or their equivalents: agreed amount, boiler and machinery (to the extent applicable), inflation guard, ordinance or law, replacement cost, and such other endorsements as may customarily be obtained with respect to properties similar in construction, location and use, as may be determined by the Board.

(e) Adjustment of Losses. The Association shall timely file, pursue and complete the adjustment of all claims arising under the property insurance policies carried by the Association. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any property damage under any policy carried by the Association. The Board is granted full right and authority to compromise and settle any property damage claim under any policy of property insurance carried by the Association or to enforce any such claim by

legal action or otherwise, and to execute releases in favor of any insurer with respect to any such claim.

(f) Waiver of Claims and Subrogation. The Association waives all claims against the Owners for any damage to the real and personal property that the Association is obligated under this Declaration to insure (including without limitation, any loss of use of such property), except that the Association may claim against an Owner for property damage caused by that Owner to the extent that the damage is within the amount of the deductible or self-insured retention, or such damage is caused by the negligence or willful misconduct of that Owner. Any property insurance policy obtained by the Association must contain a waiver of subrogation rights by the insurer consistent with this Section; provided, however, that a failure or inability of the Association to obtain such a waiver from an insurer shall not defeat or impair the waivers between the Association and the Owners as set forth herein. If an Owner is liable for damage under this Sections the Association may, after Notice and Hearing, levy a Compliance Assessment equal to the cost of repairing the damage or any insurance deductible paid under the Association's insurance policy, as applicable, and the increase, if any, in insurance premiums directly attributable to such damage. The waivers of claims and subrogation set forth in this subsection apply only in favor of the Owners and do not limit or waive, release or discharge any claims that the Association (or its insurers) may have against any third party, including without limitation any contractor, service provider, agent, or Invitee, provided that such waivers shall also apply in favor of a Lessee if and to the extent that the Owner has similarly agreed in such lease agreement to a waiver of claims and subrogation against such Lessee.

10.1.3 Fidelity Bond. The Association shall maintain a fidelity bond in an amount equal to the greater of: (a) the estimated maximum of funds, including reserves, expected to be regularly held by or on behalf of the Association or a managing agent at any given time during the term of the fidelity bond; and (b) three (3) months' aggregate of the Regular Assessments on all Residential Lots plus any reserve funds. If the Association maintains a bond, the bond shall name the Association as obligee and if the Association maintains insurance, the policy shall name the Association as the insured and shall insure against loss by reason of the acts of the employees of the Association, and any managing agent and its employees, whether or not such persons are compensated for their services.

10.1.4 Worker's Compensation Insurance. The Association shall maintain worker's compensation insurance to the extent necessary to comply with all Applicable Laws.

10.1.5 Directors and Officers Insurance. The Association shall maintain a policy insuring the Association's officers and directors against liability for their acts or omissions while acting in their capacity as officers and directors of the Association. The limits of such insurance shall at all times meet or exceed the minimum requirements of California Civil Code Section 5800.

10.1.6 General Policy Requirements. All insurance policies the Association is required to obtain pursuant to this Article shall be placed and maintained with companies rated at least "A-/VII" by A.M. Best Insurance Service and otherwise reasonably satisfactory to the Association. If an A.M. Best rating is not available, a comparable rating service may be used. Such insurance policies may have reasonable deductible amounts comparable to those customarily maintained with respect to properties similar in construction, location and use, as may be determined by the Board. The coverage amounts required for such insurance policies may be satisfied by any combination of primary and excess policies that collectively serve to satisfy the requirements of this Article.

10.1.7 Copies of Policies. Copies of all insurance policies of the Association shall be retained by the Association and open for inspection by Owners at reasonable times. All such insurance policies shall provide that they shall not be cancelable or substantially modified by the insurer without first giving at least thirty (30) days prior notice in writing to the Owners and First Mortgagees, except that ten (10) days prior written notice shall be required if the cancellation is for non-payment of premiums. In addition to the foregoing, the Association shall provide to the Owners such information regarding the insurance of the Association as may be required by Applicable Laws or under the Bylaws.

10.1.8 Compliance with Federal Regulations. Notwithstanding any other provisions contained herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the minimum insurance and fidelity bond requirements established by Federal Agencies, so long as any of the above is a Mortgagee or an Owner of a Residential Lot, except to the extent such coverage is not available or has been waived in writing by the Federal Agencies as applicable. If the FNMA or FHLMC requirements conflict, the more stringent requirements shall be met.

10.2 Compliance With Insurance Requirements in Documents of Record. The Association shall obtain insurance as required by any document of record affecting the Association Property or Association Maintenance Areas. Each Owner shall obtain insurance as required by any document of record affecting such Owner's Residential Lot.

10.3 Review of Insurance. At least once every year, the Board shall review the adequacy of all insurance required by this Declaration to be maintained by the Association. The review shall include a reasonable determination of the replacement cost of all real and personal property required to be insured by the Association in accordance with Section 10.1 of this Declaration without respect to depreciation.

10.4 Association's Authority to Revise Insurance Requirements. Subject to any statutory insurance requirements, the Association shall have the power and right to adjust and modify the insurance requirements set forth herein to require coverage and protection that is customarily carried by and reasonably available to prudent owners and associations of projects similar in construction, location and use. If the Association elects to materially reduce the coverage required to be maintained by the Association from the coverage required in this Article, the Board shall make all reasonable efforts to notify the Owners and Mortgagees of the reduction in coverage and the reasons therefore at least thirty (30) days prior to the effective date of the reduction. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee, if after a good faith effort, the Association is unable to obtain one or more of the insurance coverages required hereunder to the extent the insurance is no longer available, or, if available, the insurance can be obtained only at a cost that the Board, in its sole discretion, determines is unreasonable under the circumstances, or if the Owners fail to approve any assessment increase needed to fund the insurance premiums.

ARTICLE 11
DESTRUCTION OF IMPROVEMENTS AND CONDEMNATION

This Article addresses what happens in the event of any damage or destruction to a portion of the Property. It is the intent of this Article that if there are sufficient insurance proceeds, or if the Members elect to impose a Special Assessment to pay the costs of any shortfalls in the insurance proceeds or elect to adopt an alternative plan of reconstruction so that the rebuilding

can occur, that the Association have the responsibility and obligation to repair and restore the damaged Improvements.

In addition, the County or other Governmental Agencies can exercise rights of eminent domain that allow the County or other Governmental Agencies to "take" all or a portion of the Community. This Section describes what happens if a taking of all or a portion of the Association Property occurs.

11.1 Restoration Defined. As used in this Article, the term "restore" shall mean repairing, rebuilding or reconstructing damaged Improvements to substantially the same condition and appearance in which it existed prior to fire or other casualty damage. The Association shall have the obligation to restore the Association Property in accordance with the provisions set forth in this Article 11.

11.2 Restoration Proceeds. The costs of restoration of the damaged Improvements shall be paid first from any insurance proceeds paid to the Association under existing insurance policies. If the insurance proceeds exceed the costs of restoration, the excess proceeds shall be paid into reserves and held for the benefit of the Association. If the insurance proceeds are insufficient to restore the damaged Improvements, the Board shall then add to the insurance proceeds all reserve account funds designated for the repair or replacement of the damaged Improvement. If the total funds then available are sufficient to restore the damaged Improvement, the Improvement shall be restored. If the aggregate amount of insurance proceeds and such reserve account funds are insufficient to pay the total costs of restoration, the Improvement shall be restored and the Board shall impose a Special Assessment for the cost of repairing and reconstructing Improvements to the extent insurance proceeds are unavailable. Such Special Assessment shall be levied as described in Article 5 (but without the consent or approval of Members, despite any contrary provisions in this Declaration).

11.3 Rebuilding Contract. The Board or its authorized representative shall obtain bids from at least two (2) licensed and reputable contractors and shall accept the restoration work from whomever the Board determines to be in the best interests of the Members. The Board shall have the authority to enter into a written contract with the contractor for such restoration, and the insurance proceeds shall be disbursed to the contractor according to the terms of the contract. The Board shall take all steps necessary to assure the commencement and completion of authorized restoration at the earliest possible date. Such restoration shall be commenced no later than one hundred eighty (180) days after the event requiring reconstruction and shall thereafter be diligently prosecuted to completion. Such restoration shall return the damaged Improvements to substantially the same condition and appearance in which it existed prior to the damage or destruction.

11.4 Private Streets. The Association shall restore the Private Streets. In the event the proceeds of insurance are not sufficient to cause such restoration, the Board shall levy a Special Assessment to the Owners to provide the necessary funds for such restoration.

11.5 Insurance Trustee. All property insurance proceeds payable to the Association under the policy described in Section 10.1.2, subject to the rights of Mortgagees under Article 12, may be paid to a trustee as designated by the Board to be held and expended for the benefit of the Owners and Mortgagees, as their respective interests shall appear. The trustee shall be a commercial bank or other financial institution with trust powers in the county in which the Community is located that agrees in writing to accept such trust. If repair or reconstruction is

authorized, the Association will have the duty to contract for such work as provided for in this Declaration.

11.6 Condemnation of Association Property. If at any time all or any portion of any Association Property, or any interest therein, is taken for any public or quasi-public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the entire award in condemnation shall be paid to the Association and shall be used for restoring the balance of the Association Property. To the extent the Association is not permitted by the Governmental Agency to rebuild, then such award shall be apportioned among the Owners by court judgment or by agreement between the condemning authority and each of the affected Owners, the Association and their respective Mortgagees to such area as their interests may appear according to the fair market values of each Residential Lot at the time of destruction, as determined by independent appraisal. The appraisal shall be made by a qualified real estate appraiser with an MAI certificate or the equivalent, which appraiser shall be selected by the Board. Any such award to the Association shall be deposited into the maintenance and operation account of the Association. The Association shall represent the interests of all Owners in any proceeding relating to such condemnation.

11.7 Minor Repair and Reconstruction. The Board shall have the duty to repair and reconstruct Improvements, without the consent of Members and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed Ten Thousand Dollars ($10,000). The Board is expressly empowered to levy a Special Assessment for the cost of repairing and reconstructing Improvements to the extent insurance proceeds are unavailable. Such Special Assessment shall be levied as described in Article 5 (but without the consent or approval of Members, despite any contrary provisions in this Declaration).

11.8 Damage to Residences. Restoration of any damage to the Residence within a Residential Lot shall be made by and at the individual expense of the Owner of the Residence so damaged. In the event of damage or destruction of a Residential Lot that also causes damage to the Association Maintenance Area of such Residential Lot, the Owner of such Residential Lot shall have the obligation to restore the damaged or destroyed areas in a manner similar to the state of the Association Maintenance Area prior to the damage or destruction. In the event of a determination by an Owner not to restore the Residence, the Residential Lot shall be landscaped and maintained in an attractive and well-kept condition by the Owner thereof. All such repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Board as provided herein.

11.9 Condemnation of a Residence. In the event of any taking of a Residential Lot, the Owner (and such Owner's Mortgagees as their interests may appear) shall be entitled to receive the award for such taking.

ARTICLE 12
RIGHTS OF MORTGAGEES

Certain Mortgagees need to protect their interests in the Community. This Article gives certain Mortgagees rights to protect their security interests.

12.1 Conflict. Notwithstanding any contrary provision contained elsewhere in the Governing Documents, the provisions of this Article shall control with respect to the rights and obligations of Mortgagees as specified herein.

12.2 Liability for Unpaid Assessments. Any Institutional Mortgagee who obtains title to a Residential Lot pursuant to the remedies provided in the First Mortgage (except upon a voluntary conveyance to the Institutional Mortgagee) or by foreclosure of the First Mortgage shall take the property free of any claims for unpaid assessments or charges against the Residential Lot which accrue prior to the acquisition of title to the Residential Lot by the Institutional Mortgagee.

12.3 Payment of Taxes and Insurance. All taxes, assessments and charges that may become a lien prior to the lien of any First Mortgagee shall be levied only to the individual Residential Lot and not the Community as a whole. Institutional Mortgagees may, jointly or singly, pay taxes or other charges that are in default and that may or have become a charge against any Association Property or Improvements situated thereon and may pay overdue premiums on property insurance policies or secure new property insurance coverage on the lapse of a policy for such Association Property. Institutional Mortgagees making such payments shall be owed immediate reimbursement for such expenditures from the Association and, on demand, the Association shall execute an agreement in favor of all Institutional Mortgagees reflecting entitlement to reimbursement.

12.4 Notice to Eligible Holders. An Eligible Holder is entitled to timely written notice of the following events:

12.4.1 Condemnation. Any condemnation loss or casualty loss that affects either a material portion of the Community or the Residential Lot on which the Eligible Holder holds a First Mortgage;

12.4.2 Delinquency. Any delinquency in the payment of assessments or charges owed by the Owner of a Residential Lot that is subject to a First Mortgage held by the Eligible Holder if the delinquency is not cured within sixty (60) days after its due date;

12.4.3 Lapse in Insurance. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

12.4.4 Termination Dissolve Community. Any proposal to take any action specified in this Article or in Article 11, provided that, for purposes of a proposal to terminate the Community and/or dissolve the Association, "timely written notice" shall mean at least thirty (30) days' advance written notice;

12.4.5 Defaults. Any default by the Owner-Mortgagor of a Residential Lot subject to a First Mortgage held by the Eligible Holder in the performance of its obligations under this Declaration or the Bylaws which is not cured within sixty (60) days; or

12.4.6 Actions Requiring Consents. Any proposed action that requires the consent of a specified percentage of the Eligible Holders.

12.5 Reserve Fund. The Association shall maintain as a reserve fund a reserve account fund sufficient to pay for maintenance, repair and periodic replacement of Association Property, Association Maintenance Areas and any other property that the Association is obligated to maintain and any cost sharing obligations. This reserve fund shall be funded by Regular Assessments of Owners that are payable in installments rather than by Special Assessment; provided, however, that this provision shall not be deemed to limit the power of the Association to levy any other type of Assessment or charge authorized by this Declaration.

12.6 Inspection of Books and Records. Upon request, any Owner or Eligible Holder shall be entitled to inspect the books, records and financial statements of the Association, the Governing Documents and any amendments thereto, during normal business hours or under other reasonable circumstances.

12.7 Financial Statements. The Association, at its expense, shall prepare an audited financial statement for the immediately preceding Fiscal Year and make the same available within one hundred twenty (120) days after the Association's Fiscal Year end to any Institutional Mortgagee that has submitted written request for it.

12.8 Actions Requiring Eligible Holder Approval. Unless at least sixty-seven percent (67%) of the Eligible Holders (based on one vote for each First Mortgage owned) and at least sixty-seven percent (67%) of the Owners other than Declarant have given their prior written approval, the Association shall not be entitled to:

12.8.1 By act or omission, seek to abandon or terminate the Community;

12.8.2 By act or omission abandon, partition, subdivide, encumber, sell or transfer any property or improvements owned, directly or indirectly, by the Association for the benefit of the Residential Lots and the Owners. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Community by the Association and Owners shall not be deemed a transfer within the meaning of this Section);

12.8.3 By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to architectural design or exterior appearance of Residential Lots, the exterior maintenance of Residential Lots, or the upkeep of lawns, plantings or other landscaping in the Community;

12.8.4 By act or omission change the method of determining the obligations, assessments, dues or other charges that may be levied against an Owner;

12.8.5 Fail to maintain fire and extended coverage insurance on insurable portions of the Association Property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value based on current replacement cost; and

12.8.6 Use insurance proceeds for losses to any property or Improvements owned by the Association other than for the repair, replacement or reconstruction of such property and Improvements.

12.9 Self-Management. The vote or approval by written ballot of at least sixty-seven percent (67%) of the total Voting Power of the Association and Eligible Holders that represent at least a fifty-one percent (51%) majority of the Residential Lots that are subject to Mortgages held by Eligible Holders shall be required to assume self-management of the Community if professional management of the Community has been required by an Eligible Holder at any time.

12.10 Mortgagee Protection. A breach of any of the conditions contained in this Declaration shall not defeat nor render invalid the lien of any First Mortgage made in good faith and for value as to any Residential Lot in the Community; provided, however, that the conditions contained in this Declaration shall be binding upon and effective against any Owner of a Residential Lot if the Residential Lot is acquired by foreclosure, trustee's sale or otherwise.

12.11 Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any right of Institutional Mortgagees of Residential Lots pursuant to their Mortgages in case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Residential Lots or Association Property. Any provision to the contrary in Governing Documents is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected Institutional Mortgagees naming the Mortgagees, as their interests may appear.

12.12 Voting Rights on Default. In case of default by any Owner in any payment due under the terms of any Institutional Mortgage encumbering such Owner's Residential Lot, or the promissory note secured by the Mortgage, the Mortgagee or its representative, on giving written notice to such defaulting Owner or Owners, and placing of record a notice of default, is hereby granted a proxy and can exercise the voting rights of such defaulting Owner attributable to such Residential Lot at any regular or special meeting of the Members held during such time as such default may continue.

12.13 Foreclosure. If any Residential Lot is encumbered by a First Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for assessments, or installments of Assessments, shall not affect or impair the lien of the Mortgage. On foreclosure of the Mortgage, the lien for Assessments, or installments, that has accrued up to the time of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser taking title to the Residential Lot free of the lien for Assessments, including interest, costs (including attorneys' fees), and late charges levied by the Association with respect thereto or installments, that has accrued up to the time of the foreclosure sale. On taking title to the Residential Lot the foreclosure-purchaser shall only be obligated to pay Assessments or other charges levied or assessed by the Association after the foreclosure-purchaser acquired title to the Residential Lot. The subsequently accrued Assessments or other charges may include previously unpaid Assessments provided all Owners, including the foreclosure-purchaser, and its successors and assigns are required to pay their proportionate share as provided in this Section 12.13.

12.14 Non-Curable Breach. Any Mortgagee who acquires title to a Residential Lot by foreclosure or by deed-in-lieu of foreclosure or assignment-in-lieu of foreclosure shall not be obligated to cure any breach of this Declaration that is non-curable or that is not practical or feasible to cure.

12.15 Loan to Facilitate. Any Mortgage given to secure a loan to facilitate the resale of a Residential Lot after acquisition by foreclosure or by a deed-in-lieu of foreclosure or by an assignment-in-lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this Article.

12.16 Appearance at Meetings. Because of its financial interest in the Community, any Mortgagee may appear (but cannot vote except as may be provided for herein) at meetings of the Members and the Board to draw attention to violations of this Declaration that have not been corrected or made the subject of remedial proceedings or Assessments.

12.17 Right to Furnish Information. Any Mortgagee can furnish information to the Board concerning the status of any Mortgage.

12.18 Inapplicability of Right of First Refusal to Mortgagee. No right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey the Owner's Residential Lot shall be granted to the Association without the written consent of any Mortgagee of the Residential Lot. Any right of first refusal or option to purchase a Residential Lot that may be granted to the Association (or other person, firm or entity) shall not apply to any conveyance or transfer of title to such Residential Lot, whether voluntary or involuntary, to a Mortgagee that acquires title to or ownership of the Residential Lot pursuant to the remedies provided in its Mortgage or by reason of foreclosure of the Mortgage or deed- or assignment-in-lieu of foreclosure and shall not apply to any sale or lease of Residential Lot acquired by the Mortgagee or its assignee.

12.19 Written Notification to Mortgagees or Guarantors of First Mortgages. If a Mortgagee or guarantor of a First Mortgage and has not given written notice to the Association specifying its name, the name of the Owner and address of the Residential Lot encumbered by the First Mortgage, any written notice or proposal required or permitted by this Declaration to be given to such Mortgagee or guarantor shall be deemed properly given if deposited in the United States mail, postage prepaid, and addressed to the Mortgagee or guarantor at its address appearing of record in the First Mortgage (or assignment thereof, if applicable).

ARTICLE 13
AMENDMENTS

This Declaration and the easements, covenants, conditions and restrictions established under the Declaration will continue in effect for 60 years and thereafter will continue unless a certain percentage of the Owners elect to terminate the Declaration. This will help to ensure the continued operation, use and viability of the Community. This Article also describes the procedures and requirements for amendments to this Declaration. Some provisions of this Declaration may not be amended without the consent of Declarant. Moreover, each Owner acknowledges that corrections and supplements to this Declaration may be necessary and that it is important to give Declarant the right to record such Supplementary Declarations without the consent of any Owner except as otherwise provided in this Declaration.

13.1 Amendment Before the Conveyance of First Residential Lot. Before the conveyance of the first Residential Lot to an First Purchaser, this Declaration and any amendments to it may be amended in any respect or revoked by the execution by Declarant and any Mortgagee of record of an instrument amending or revoking the Declaration. The amending or revoking instrument shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the Official Records.

13.2 Amendments After Conveyance of First Residential Lots. Except as may otherwise be stated in this Declaration and as set forth below, after the conveyance of the first Residential Lot to a First Purchaser and during the period of time prior to conversion of the Class B membership in the Association to Class A membership, this Declaration may be amended at any time and from time to time provided that the vote or approval by written ballot of at least a majority of the Voting Power of each class of Members of the Association has been obtained. After conversion of the Class B membership in the Association to Class A membership, the Declaration may be amended at any time and from time to time, provided that the vote or approval by written ballot of: (a) at least a majority of the total Voting Power of the Association; and (b) at least a majority of the Voting Power of the Members of the Association, other than Declarant, has been obtained. The vote on a proposed amendment to the Declaration shall be held by secret written ballot in accordance with the procedures set forth in California Civil Code Section 5100

and the rules adopted by the Board pursuant thereto. Such amendment shall become effective upon the recording of a Certificate of Amendment signed and acknowledged by the President or Vice President and the Secretary or Assistant Secretary of the Association certifying that such votes or approval by written ballot have been obtained. For the purposes of recording the Certificate of Amendment, the President or Vice-President and Secretary or Assistant Secretary of the Association are hereby granted an irrevocable power of attorney to act for and on behalf of each and every Owner in certifying and executing and recording the Certificate of Amendment in the Official Records. Nothing contained herein shall limit the Members of the Association from exercising the rights of the Association under California Civil Code Section 4275.

13.3 Approval of Material Amendments. In addition to the requirements of Section 13.2, in the case of any Material Amendment, as defined below, the vote of Eligible Holders that represent at least fifty-one percent (51%) of the votes of Residential Lots that are subject to Mortgages held by Eligible Holders and at least sixty-seven percent (67%) of the Voting Power of each class of Members (or, following conversion of Class B membership to Class A membership, at least sixty-seven percent (67%) of the total Voting Power of the Association and at least sixty-seven percent (67%) of the voting power of Members other than Declarant) shall also be required. "Material Amendment" shall mean, for the purposes of this Sections any amendments to provisions of this Declaration governing any of the following subjects:

13.3.1 The fundamental purpose for which the Community was created (such as a change from residential use to a different use);

13.3.2 Assessments, collection of assessments, assessment liens and subordination thereof;

13.3.3 The reserves for repair and replacement of the Association Property and Association Maintenance Areas;

13.3.4 Maintenance Obligations;

13.3.5 Casualty and liability insurance or fidelity bond requirements;

13.3.6 Reconstruction in the event of damage or destruction;

13.3.7 Rights to use the Association Property;

13.3.8 Reallocation or conveyance of any interests in the Association Property;

13.3.9 Voting;

13.3.10 Any provision that, by its terms, is specifically for the benefit of Eligible Holders, or specifically confers rights on Eligible Holders;

13.3.11 Expansion or contraction of the Community or the addition or withdrawal of property to or from the Community;

13.3.12 The redefinition of Residential Lot boundaries or the conversion of a Residential Lot or Residential Lots into Association Property or vice versa; and

13.3.13 Imposition of any restriction on any Owner's right to sell or transfer its Residential Lot.

Any Eligible Holder who receives written request to consent to additions or amendments requiring consent under this provision who does not deliver to the requesting party a negative response within sixty (60) days after receipt of a notice delivered by certified or registered mail, return receipt requested, shall be deemed to have consented to such request. If any provision of this Declaration requires a greater or lesser percentage of the voting rights of any class of Members in order to take affirmative or negative action under such provision, the same percentage of such class or classes of Members shall be required to amend or revoke such provision. Any amendment or revocation subsequent to the close of such first sale shall be evidenced by an instrument certified by the Secretary or other duly authorized officer of the Association and shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the Official Records.

13.4 Additional Approvals.

13.4.1 Governmental Approvals. If the consent or approval of any Governmental Agency, VA, FNMA or FHA is required with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained pursuant to the requirements of the Governmental Agency, VA, FNMA or FHA.

13.4.2 Amendment of Certain Provisions. If any provision of this Declaration requires a greater or lesser percentage of the voting rights of any class of Members in order to take affirmative or negative action under such provision, the same percentage of such class or classes of Members shall be required to amend or revoke such provision. Notwithstanding anything to the contrary contained in this Declaration, Sections 1.49 (Maintenance Obligations), 7.2.4 (Compliance with Maintenance Obligations), 7.4.2 (Association's Compliance with Maintenance Obligations), 15.5 (Disputes Involving Declarant) and this Section of this Declaration shall not be amended nor shall other provisions be adopted that purport to supersede them without the consent of Declarant without the prior written approval of Declarant.

13.4.3 Declarant's Consent. So long as Declarant owns any portion of the Property, this Declaration may not be amended to do any of the following without the prior written approval of Declarant: (a) diminish or eliminate any rights specifically granted or reserved to Declarant; or (b) modify or eliminate the easements reserved to Declarant.

13.5 Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

13.6 Conflict With Article 12 or Other Provisions of this Declaration. To the extent any provisions of this Article conflict with the provisions of Article 12 or any other provision of this Declaration, except those contained in Section 13.6, the provisions of Article 12 shall control.

13.7 Business and Professions Code Section 11018.7. All amendments or revocations of this Declaration shall comply with the provisions of California Business and Professions Code Section 11018.7 to the extent such Section is applicable.

13.8 Notice to Eligible Holders. Eligible Holders shall be entitled to timely written notice of any amendments to this Declaration, the Bylaws or the Articles.

ARTICLE 14
DEANNEXATION OF PROPERTY, MERGERS OR CONSOLIDATIONS

This Article sets forth procedures to de-annex property from the Declaration and discusses merger or consolidation of the Association.

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

14.2 De-Annexation. Declarant may delete all or any portion of the Property from the coverage of this Declaration and rescind any Supplementary Declaration, provided that: (a) Declarant is the sole Owner of all of the real property described in the Supplementary Declaration to be rescinded or obtains the consent of the fee title Owner(s) of the real property to be de-annexed; and (b) assessments have not commenced with respect to any portion of the real property to be de-annexed. Such deletion shall be effective upon the recordation of a written instrument signed by Declarant, in the same manner as the Supplementary Declaration to be rescinded was recorded.

ARTICLE 15
TERM AND ENFORCEMENT

This Article describes the enforcement rights for violations of this Declaration and the Governing Document and certain procedures which must be followed in the event of a claim. The claims procedures are intended to establish an efficient procedure to enable claims to be resolved promptly for the benefit of the Community.

15.1 Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Association, Declarant, or any Member, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by at least sixty-seven percent (67%) of the Members has been recorded, at least one (1) year prior to the end of any such period in the manner required for a conveyance of real property, in which it is agreed that this Declaration shall terminate at the end of the then applicable term.

15.2 Rights of Enforcement of Governing Documents. Subject to Section 15.5, Declarant, the Association or any Owner shall have a right of action against any Owner, and Declarant or any Owner shall have a right of action against the Association, to enforce by proceedings at law or in equity, all covenants, conditions, and restrictions, now or hereafter imposed by the provisions of the Governing Documents or any amendment thereto, including the right to prevent the violation of such covenants, conditions and restrictions and the right to recover damages or other dues for such violation except that Owners shall not have any right of enforcement concerning Assessment liens. The Association shall have the exclusive right to the enforcement of provisions relating to architectural control and the Association Rules, unless the

Association refuses or is unable to effectuate such enforcement, in which case any Owner who otherwise has standing shall have the right to undertake such enforcement. Failure of the Association, Declarant or any Owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

15.2.1 Disputes Involving Members. Prior to filing an Enforcement Action (as such term is defined in California Civil Code 5925) by a Member solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages, related to the enforcement of the Governing Documents, the Members shall be required to comply with California Civil Code Sections 5925 through 5965, if applicable. Failure of a Member to comply with the alternative dispute resolution requirements of California Civil Code Section 5930 may result in the loss of the Member's right to sue the Association or another Member regarding enforcement of the Governing Documents or Applicable Laws.

15.2.2 Disputes involving the Association and Members. Prior to filing a civil action by either the Association or by a Member solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages, (other than for nonpayment of Assessments), related to the any of the following matters: (i) enforcement of the Governing Documents; (ii) damage to the Association Property; (iii) damage to a Residential Lot that arises out of, or is integrally related to, damage to the Association Property or Association Maintenance Area; the Association shall be required to perform any act reasonably necessary to resolve any civil claim or action through alternative dispute resolution proceedings such as mediation, binding arbitration, or non-binding arbitration proceedings. Any dispute resolution procedure imposed by the Association shall satisfy the requirements of California Civil Code Sections 5900, 5905 and 5910. In the event the Association does not comply with the minimum requirements of a fair, reasonable and expeditious dispute resolution procedure, the Association or any Member may invoke the procedures provided for in California Civil Code Section 5915. The Board may impose any of the remedies provided for in the Bylaws.

15.2.3 Notice Requirements. Members of the Association shall annually be provided a summary of the provisions of California Civil Code Section 5900, *et seq.* which specifically references the provisions of California Civil Code Section 5965. The summary shall be provided either at the time the Budget required by California Civil Code Section 5300 is distributed or in the manner specified in California Corporations Code Section 5016. The summary shall include a description of the Association's internal dispute resolution procedure, as required by California Civil Code Section 5920.

15.2.4 Civil Action. A civil action to enforce the Governing Documents shall comply with California Civil Code Sections 5850 through 5985.

15.3 Enforcement of Non Payment of Assessments. Each Owner of any Residential Lot then subject to Assessment shall be deemed to covenant and agree to pay to the Association each and every Assessment provided for in this Declaration. The Association shall have the right to enforce such payment obligation in accordance with the provisions set forth in Section 5.13 (Collection of Assessments; Liens).

15.4 Enforcement of Bonded Obligations. The Association shall have the right to enforce bonded obligations in accordance with the provisions set forth in Section 5.23 (Association Property Improvements).

15.5 Disputes Involving Declarant.

15.5.1 Defined Terms. For purposes of this Section and this Declaration, the following terms shall have the meanings set forth below.

(a) "**Claim**" means any Construction Defect Claim or Other Claim.

(b) "**Claim Process**" means the pre-litigation process for the resolution of Construction Defect Claims and Other Claims as described in the Dispute Resolution Declaration.

(c) "**Construction Defect Claim**" means any claim, issue or controversy, whether or not the claim, issue or controversy is governed by or subject to the Right to Repair Act or is based upon common law, that arises from or is related in any way to any alleged deficiencies in construction, design, specifications, surveying, planning, supervision, testing, or observation of construction, including, but not limited to, any alleged violation of the standards set forth in California Civil Code Sections 895 through 897, inclusive of the Right to Repair Act.

(d) "**Dispute**" means any claim, issue or controversy that arises from or is related in any way to: (a) the Community; (b) any Residential Lot; (c) the Association Property or Association Maintenance Areas; (d) the relationship between the Association and Declarant; and/or (e) the relationship between any Owner and Declarant, whether contractual, statutory or in tort, including, but not limited to, claims, issues or controversies that arise from or are related to the purchase, sale, condition, design, construction or materials used in construction of any portion of the Community or any Residence, Association Property or Association Maintenance Areas, the agreement between Declarant and Owner to purchase the Residence or any related agreement, the Limited Warranty, disclosures, or alleged deficiencies in construction, design, specifications, surveying, planning, supervision, testing, or observation of construction related to Improvements within the Association Property, Association Maintenance Areas or the Residential Lot, including, but not limited to, the following: (i) a Construction Defect Claim; (ii) an Other Claim; (iii) any disagreement as to whether a Construction Defect Claim has been properly repaired; (iv) any disagreement as to the value of repairing damages which are the subject of a Construction Defect Claim; (v) the cost of repairing damage caused by the repair efforts, the cost to remove or replace an improper repair, and any alleged relocation expenses, storage expenses, lost business income, investigation costs and all other fees and costs recoverable by contract or statute as a result of a Construction Defect Claim; and (vi) any disagreement concerning the timeliness of Declarant's performance or the Association's or an Owner's notification under the Limited Warranty or the Claim Process.

(e) "**Other Claim**" means a Dispute that does not involve a Construction Defect Claim.

(f) "**Right to Repair Act**" means Division 2, Part 2, Title 7 of the California Civil Code (Section 895 *et seq.*) as amended from time to time.

15.5.2 Dispute Resolution. Declarant has or will record a Dispute Resolution Declaration which sets forth the procedures that shall be used to resolve Disputes with Declarant and its Affiliated General Contractor (if any), as defined in the Dispute Resolution Declaration, for any Claims asserted by an Owner and/or the Association. The Dispute Resolution Declaration recorded in the Official Records constitutes a part of this Declaration and is incorporated herein by this reference as though set forth in full herein. For any Construction Defect Claims, the Owners and the Association shall comply with the Claims Process set forth in the Dispute

Resolution Declaration. For any Construction Defect Claims not resolved through the Claims Process or any Other Claims, the Owners and the Association shall comply with the procedures set forth in the Dispute Resolution Declaration. Each Owner and the Association acknowledge and agree that the terms and provisions set forth in the Dispute Resolution Declaration are covenants running with the land which are binding upon the Owners and the Association and successor Owners.

15.5.3 Relinquishment of Control. Notwithstanding any other provision in the Declaration or the Dispute Resolution Declaration to the contrary (including, without limitation, any provision which expressly or implicitly provides Declarant with control over Association decisions for any period of time), while the Declarant has majority control of the Board, Declarant hereby relinquishes control over the Association's ability to decide whether to initiate any Claim against Declarant or any Declarant Parties. No representative of Declarant or Declarant Parties on the Board shall vote on the initiation of any Claim including without limitation, any Construction Defect Claim under California Civil Code Section 895 et seq. of the Right to Repair Act, such that from and after the first election of directors in which Class A Members of the Association participate, Declarant and Declarant Parties shall have no control over the Association's ability to decide whether to initiate a Claim including without limitation, any Construction Defect Claim and in the event of such a vote, the affirmative vote of the two non-Declarant representatives on the Board shall be binding so long as a quorum of the Board is present at any meeting where such vote is taken.

15.5.4 Pursuit of Claims. An Owner may only assert Limited Warranty claims pertaining to such Owner's Residential Lot. The Association and not the individual Owners shall have the power to pursue any Claims for the Association Property and/or Association Maintenance Areas. The Association and each Owner shall comply with the Claim Process in bringing any such Claims. Each Owner hereby agrees to delegate authority to the Association and assigns to the Association all power and authority as is necessary for any settlement or release of any Claim relating to the Association Property and/or Association Maintenance Areas.

15.5.5 Notification to Prospective Buyers. In the event that the Association commences a Claim pursuant to the Dispute Resolution Declaration, or pursues any other legal action, all Owners must notify prospective purchasers of such action or Claim and must provide such prospective purchasers with a copy of the notice produced by the Association and delivered to the Owners in accordance with California Civil Code Section 6000 and this Declaration.

15.6 Board and Members' Approval of Certain Actions. In the event any claim or other action is brought by the Association against a Declarant, including, without limitation, claims brought under California Civil Code Section 895, et seq., involving allegations of construction defects relating to the Association Property and/or other Association Maintenance Areas, the Association shall not initiate a further action or arbitration proceeding without first complying with California Civil Code 6150. A majority of the Board members shall be required to approve of proceeding with the further claim or action; provided, however, that in the event Declarant appointees are serving on the Board, such Declarant-appointed Board members shall have no right to approve or disapprove such further action or arbitration proceeding and only the approval of a majority of the non-Declarant appointed Board members (or both non-Declarant Board members in the event there are only two (2) non-Declarant Board members), shall be required to approve of proceeding with such claim or action. In addition, to the extent the pre-requisite of a Member vote, or the imposition of any other limitation or precondition on the Board's authority to pursue such claim or action, has been duly-adopted by the Members as an amendment to this Declaration pursuant to Civil Code 5986(c), or to the extent a Member vote or other limitation or

precondition is permitted under Applicable Law without the necessity of such an amendment first being duly-adopted by the Members pursuant to Civil Code 5986(c), then prior to commencing such further action or arbitration proceeding, the Association shall first satisfy such limitation or precondition to the extent that it is not otherwise prohibited by any provision of the Governing Documents (unless such provision has been expressly superseded by Applicable Law). In clarification of the foregoing, if no such amendment has been duly-adopted by the Members prior to the Board considering undertaking any claim or action pursuant to this Section, and if the Board believes in its sole discretion that waiting for the outcome of a Member vote regarding the adoption of such an amendment could be prejudicial to the Association's position relative to its pursuit of such claim or action, then the Board shall not be compelled to stay such claim or action pending the outcome of such a Member vote unless the Board chooses to do so by a majority vote of the Board or, if applicable, then the non-Declarant appointed Board members.

Declarant hereby advises as follows: Each Owner and the Association are hereby advised that representative claims (i.e., claims related to the Association Property or other Association Maintenance Areas or claims by the Association on behalf of the Owners) by the Association may create disclosure requirements, may result in increases to Assessments to fund such claims or actions, and may impair the ability of Owners to sell or finance their Residential Lots. California Civil Code Sections 5986 and 6150 allow the Board to unilaterally decide whether to pursue legal action against Declarant. Owners are encouraged to participate in any meeting held by the Association pursuant to California Civil Code 6150 to ensure the Board considers all Owners' positions prior to commencing additional actions.

15.6.1 Notice Required if Reserve Funds to Pay for Litigation. As required by California Civil Code Section 5520, if a decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall comply with the notice and accounting requirements set forth in California Civil Code Section 5520.

15.6.2 Conflict. In the event of any conflict between the provisions of this Section 15.6 and the Dispute Resolution Declaration, the terms of the Dispute Resolution Declaration shall control.

ARTICLE 16
GENERAL PROVISIONS

This Article sets forth the general provisions which govern this Declaration.

16.1 Headings. The headings used in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

16.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions of it shall not invalidate any other provisions. In the event that any phrase, clause, sentence, paragraph, Sections article or other portion of this Declaration shall become illegal, null, void, against public policy or otherwise unenforceable, for any reason, the remaining portions of this Declaration shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.

16.3 Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver.

16.4 Violations as Nuisance. Every act or omission in violation of the provisions of this Declaration shall constitute a nuisance and, in addition to all other remedies herein set forth, may be abated or enjoined by any Owner, any Member of the Board, the manager, or the Association.

16.5 No Unlawful Restrictions. No Owner shall execute or cause to be recorded any instrument which imposes a restriction upon the sale, leasing or occupancy of its Residential Lot on the basis of any federal or state protected class, including without limitation, race, sex, color or creed.

16.6 Access to Books. Declarant may, at any reasonable time and upon reasonable notice to the Board or manager cause an audit or inspection to be made of the books and financial records of the Association.

16.7 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

16.8 Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, the Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration within the Community, together with the covenants and restrictions established upon any other property.

16.9 Notification of Sale of Residential Lot. Concurrently with the consummation of the sale of any Residential Lot under circumstances whereby the transferee becomes an Owner thereof, or within five (5) business days thereafter, the transferee shall notify the Board in writing of such sale. Such notification shall set forth the name of the transferee and its Mortgagee and transferor, the common address of the Residential Lot purchased by the transferee, the transferee's and the Mortgagee's mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the Board or the manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. Mailing addresses may be changed at any time upon written notification to the Board. Notices shall be deemed received forty-eight (48) hours after mailing if mailed to the transferee, or to its transferor if the Board has received no notice of transfer as above provided, by certified mail, return receipt requested, at the mailing address above specified. Notices shall also be deemed received on the next business day after being sent by overnight courier or upon delivery if delivered personally to any occupant of a Residential Lot over the age of twelve (12) years.

16.10 Provision of Governing Documents to Prospective Purchasers. Pursuant to California Civil Code Section 4525, as soon as practicable before the transfer of title or the execution of a real property sales contract, the Owner shall provide copies of the Governing

Documents to the prospective purchaser of a Residential Lot, which Governing Documents include, but are not limited to, this Declaration and the Dispute Resolution Declaration.

16.11 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

16.12 Exhibits. All exhibits referred to in this Declaration are attached to this Declaration and incorporated by reference.

16.13 Binding Effect. This Declaration shall inure to the benefit of and be binding on the successors and assigns of Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the Owners.

16.14 Easements Reserved and Granted. Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in the first deed by Declarant to any Residential Lot.

16.15 Statutory References. All references in this Declaration to various statutes, codes, regulations, ordinances and other laws shall be deemed to include those laws in effect as of the date of this Declaration and any successor laws as may be amended from time to time.

16.16 Additional County-Required Provisions. The following statement is included verbatim as required by the County Conditions of Approval. In the County required provisions below, the term 'common area' refers to the Association Property.

"Notwithstanding any provision in this Declaration to the contrary, the following provisions shall apply: The property owners' association established herein shall, if dormant, be activated, by incorporation or otherwise, at the request of the County of Riverside, and the property owner's association shall unconditionally accept from the County of Riverside, upon the County's demand, title to all or any part of the 'common area', more particularly described on Exhibit "A", attached hereto. The decision to require activation of the property owners' association and the decision to require that the association unconditionally accept title to the 'common area' shall be at the sole discretion of the County of Riverside.

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

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

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

IN WITNESS WHEREOF, Declarant has executed this instrument as the date first written above.

DECLARANT:

SUNLAND PROPERTIES, INC., a California corporation

By: _____
Name: Sunny Hwang
Title: President

ACKNOWLEDGMENT

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

State of California
County of San Bernardino)

On 1/23/24 before me, Marissa Rodriguez, Notary Public
(insert name and title of the officer)

personally appeared Sunny Hwang,
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.

MARISSA RODRIGUEZ
Notary Public - California
San Bernardino County
Commission # 2334707
My Comm. Expires Oct 23, 2024

Signature _____ **(Seal)**

EXHIBIT "A"

DESCRIPTION OF PROPERTY

The Property includes the Residential Lots and Association Property listed below.

RESIDENTIAL LOTS:

Lots 1 through 54, inclusive, of Tract No. 33688, in the unincorporated area of the County of Riverside, State of California, as per Map filed in Book ___, Pages ___ through ___, inclusive, of Maps, in the Office of the County Recorder of Riverside County ("Map").

ASSOCIATION PROPERTY:

Lots 55 through 61, inclusive, and Lots A through F, inclusive, of the Map.